



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

December 23, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

The Board of Directors of the Los Angeles
County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE OF REFUNDING REVENUE BONDS, SERIES 2003A
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
FLOOD CONTROL DISTRICT
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt a Resolution authorizing the issuance of not to exceed \$165 million in refunding revenue bonds to refund the 1993 Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Flood Control District) and authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

ACTING AS THE BOARD OF DIRECTORS, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt a Resolution authorizing the issuance of not to exceed \$165 million in refunding revenue bonds to refund the 1993 Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Flood Control District) and authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the recommendations will authorize the issuance of Los Angeles County Public Works Financing Authority Refunding Revenue Bonds, Series 2003A to refund the outstanding balance of the Los Angeles County Public Works Financing Authority (Authority) 1993 Capital Construction and Refunding Bonds. A review of this existing financing indicates a potential for reducing annual payments of the Flood Control District by a minimum of 3 percent based on current market rates.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Fiscal Responsibility by reducing the annual costs.

FISCAL IMPACT/FINANCING

The transaction is currently projected to generate savings of approximately \$570,000 annually beginning next fiscal year. Actual savings will depend on the final issue size and interest rates at the time of sale. In no instance will the maturity of the refunding bonds be extended beyond the existing maturity schedule.

The Resolutions provide that the true interest cost of these bonds will not exceed 5 percent, however, we expect lower rates if market rates do not increase. If market rates increase, thereby reducing our targeted savings below 3 percent, the issuance will be postponed or withdrawn.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

We estimate that an offering of fixed rate refunding revenue bonds will produce the lowest cost to the District. The maximum issue size for this transaction is \$165 million. It appears that credit enhancement, in the form of bond insurance will provide additional savings; however, the decision to use bond insurance will be made at the time of pricing based on a cost analysis of the transaction. MBIA was selected as the bond insurer for this transaction through a competitive bid process based on pricing and value added.

Consistent with the County's Bond Sale Policies, the Treasurer is recommending a negotiated sale. It is recommended that Salomon Smith Barney be appointed as Lead Manager based on the results of a limited bid to the senior managers in our approved underwriter pool. It is further recommended that JP Morgan Securities, Inc. be appointed Co-Senior Manager with RBC Dain Rauscher, Samuel A. Ramirez & Co., Inc., E. Wagner & Associates, Inc., and MR Beal & Company as Co-Managers. Arimax

The Honorable Board of Supervisors
December 23, 2002
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Financial Advisors, Inc. has been selected as the Financial Advisor from the Board approved pool of Financial Advisors.

IMPACT ON CURRENT SERVICES (PROJECTS)

None.

CONCLUSION

Upon adoption, please return two (2) original executed copies of this letter to the Treasurer and Tax Collector's Office.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:BLC
zu:Board:Flood Control Project Board

Attachments (8)

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Director of Public Works

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY
OF LEGAL DOCUMENTS RELATING TO INSTALLMENT PURCHASE
AGREEMENT AND THE LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY REFUNDING REVENUE BONDS,
SERIES 2003A AND RELATED MATTERS**

WHEREAS, the Los Angeles County Flood Control District (the "District"), the Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights) and the County of Los Angeles (the "County") have formed a joint exercise of powers agency (the "Authority") by agreement, dated May 18, 1993 (as amended, the "Joint Powers Agreement"), pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (the "Act") for the purpose, among other things, of issuing its bonds to be used to provide financial assistance to the District and the County;

WHEREAS, the Authority proposes to issue its Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the "Bonds"), the proceeds of which will be applied to the acquisition of certain real and personal property of the District, including property referred to as the Public Works Headquarters located at 900 South Fremont, Alhambra, California (together with the Project (as defined in the Indenture (defined below)), the "Property"), for the purpose of defeasing the Authority's Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) and to discharge the District's obligations under the Installment Purchase Agreement, dated as of August 1, 1993, by and between the District and the Authority, the Indenture of Trust, dated as of August 1, 1993, by and among the District, the Authority and the trustee for the bonds issued thereunder (the "1993 Bonds");

WHEREAS, the Bonds are to be issued pursuant to Sections 6584 et seq. (the "Bond Law") of the Act, and pursuant to an Indenture, dated as of January 1, 2003 (the "Indenture"), by and among the Authority, the District and the trustee named therein;

WHEREAS, the Bonds may be issued by the Authority in one or more series, simultaneously or sequentially, in an aggregate principal amount not to exceed \$165,000,000;

WHEREAS, the Authority and the District propose to enter into a Sale Agreement, dated as of January 1, 2003 (the "Sale Agreement"), pursuant to which the District will sell the Property to the Authority;

WHEREAS, the Authority and the District propose to enter into an Installment Purchase Agreement, dated as of January 1, 2003 (the "Installment Purchase Agreement"), pursuant to which the District will purchase the Property from the Authority in exchange for installment payments (the "Installment Payments") to be made by the District;

WHEREAS, the Bonds will be payable from Installment Payments and other funds and amounts as provided under the Indenture;

WHEREAS, there have been presented to this Board the form of each of the Sale Agreement, the Installment Purchase Agreement, the Indenture, Appendix A (defined below), the

Bond Purchase Agreement, the Continuing Disclosure Agreement and the Escrow Agreement (defined below), and this Board has examined such documents and desires to approve such documents, authorize and direct the execution and delivery of such documents, as applicable; and

WHEREAS, the District is authorized to undertake all of the above pursuant to the applicable law of the State of California;

NOW, THEREFORE, this Board does find, resolve, determine and order as, follows:

Section 1. The sale of the Property to the Authority and the installment purchase of the Property from the Authority are hereby authorized and approved. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the District, to execute and to deliver the Sale Agreement and the Installment Purchase Agreement, substantially in the forms on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the District, such approval to be evidenced conclusively by the execution and delivery thereof. The officers of the District and their authorized representatives are hereby further authorized and directed, jointly and severally, to execute and deliver any other documents as may be necessary or as they may approve, in their discretion, as being in the best interests of the District to effect conveyance of the Property, such determination to be evidenced conclusively by the execution and delivery thereof.

The Installment Payments shall be special limited obligations of the District payable solely from Revenues as defined in the Installment Purchase Agreement, and the District shall not be obligated to pay the Installment Payments except from such amounts. The District may pay the Installment Payments from such other available moneys of the District in accordance with the Installment Purchase Agreement.

Section 2. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the District, to execute and to deliver the Indenture, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the District, such approval to be evidenced conclusively by the execution and delivery thereof.

Section 3. The form of Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among Salomon Smith Barney Inc., as representative of the several underwriters named or to be named therein (the "Underwriters"), the District and the Authority, on file with this Board is hereby approved. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the District, to execute and to deliver the Bond Purchase Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the District, such approval to be evidenced conclusively by the execution and delivery thereof. In connection with the execution and delivery of the Bond Purchase Agreement, the officers and their authorized representatives are further authorized and directed, jointly and severally, to negotiate the price and

the interest rates for the Bonds to be sold pursuant to such Bond Purchase Agreement such that the true interest cost to the Authority with respect to the aggregate principal amount of the Bonds shall not exceed 5.00%. All or any portion of the Bonds may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer and Tax Collector of the County (the "Treasurer"), in consultation with the Underwriters, determines that the savings to the District resulting from the purchase of such credit enhancement exceeds the cost thereof.

If the Treasurer determines that the Bonds shall be issued in more than one series or sequentially, the officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the District, to execute and deliver such additional bond purchase agreement as such officers may deem necessary or appropriate in connection with such additional series of Bonds, in each case with such underwriters) as the Treasurer may select; provided that each such Bond Purchase Agreement shall be substantially in the form of the bond purchase agreement and shall be subject to the true interest cost set forth in this Section 3.

Section 4. The form of Appendix A ("Appendix A") to the preliminary official statement relating to the Bonds (the "Preliminary Official Statement"), submitted to this meeting is hereby approved for use in connection with the public offering of the Bonds, with such changes as may be approved by the officers of the District and their authorized representatives. The officers of the District and their authorized representatives, and each of them alone or in combination, are hereby authorized by and on behalf of the District to certify to the Underwriters that the Preliminary Official Statement (insofar as it presents information relating to the District) is deemed "final" for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The officers of the District and their authorized representatives, and each of them alone or in combination, are hereby authorized and directed to assist in the preparation of a final Official Statement relating to the Bonds (the "Official Statement") in substantially the form of the Preliminary Official Statement; said officers and their authorized representatives are also hereby authorized and directed to cause the printing and delivery of the Preliminary Official Statement and the Official Statement. The distribution of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds is hereby approved.

Section 5. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the District, to execute and to deliver the Continuing Disclosure Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the District, such approval to be evidenced conclusively by the execution and delivery thereof.

Section 6. The form of Escrow Agreement, dated as of January 1, 2003 (the "Escrow Agreement"), by and among Authority, the District and the trustee for the 1993 Bonds, on file with this Board is hereby approved. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and to deliver the Escrow Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or

as they may approve, in their discretion, as being in the best interests of the District, such approval to be evidenced conclusively by the execution and delivery thereof.

Section 7. In connection with, or incidental to, the issuance of the Bonds, or the acquisition or carrying out of any investment or program of investment by any officer of the District, the Treasurer, and each other officer of the District responsible for the Bonds or such investment or program of investment, acting alone, may enter into any contracts, including, without limitation, contracts commonly known as interest rate swap agreement; forward payment conversion agreement, futures or contracts providing for payments based on levels of, or changes in, interest rates or stocks or other indices; contracts to exchanges cash flows or a series of payments; municipal bond warrants; custodial receipts; contracts relating to the establishment of a reserve fund surrogate; investment contracts; or contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the officers of the District determine to be necessary or appropriate to place the Bonds or such investment or program of investment, or such other contract or contracts, in whole or part, on the interest rate or other basis determine by such officers, or to eliminate or reduce any potential difference between the amount paid as interest or a discount and the amounts received as interest or other investment income in connection with Bonds or such investment or program of investment, as applicable.

These contracts and arrangements shall be entered into with the parties selected by the means, and contain the payment, security, default, remedy and other terms and conditions, determined by the officers executing such contracts and arrangement, in consultation with the Treasurer, after giving due consideration to the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or other criteria as may be appropriate.

This Board determines that the contracts authorized hereby are designed to reduce the amount or duration of payment, rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is entered into.

Section 8. All actions heretofore taken by any officers, employees, agents or directors of the District, with respect to the issuance, delivery or sale of the Bonds, or in connection with or related to any of the agreements or documents referenced herein or to the defeasance of the 1993 Bonds are hereby approved, confirmed and ratified; and the officers of the District and their authorized representatives, and each of the foregoing acting alone is, hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and to take any and all actions, and to execute and deliver such documents, agreements and certificates (including, but not limited to, the Tax Certificate and Agreement), which they, or any of them, may deem necessary or advisable to effectuate the purposes of this Resolution and the lawful issuance and delivery of the Bonds.

Section 9. This Resolution shall take effect immediately upon its passage.

The foregoing Resolution was on the 7th day of January, 2003, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: Daniel B. Kelsey
Deputy County Counsel

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY AUTHORIZING THE EXECUTION
AND DELIVERY OF LEGAL DOCUMENTS RELATING TO THE ISSUANCE
OF NOT TO EXCEED \$165,000,000 AGGREGATE PRINCIPAL AMOUNT OF
REFUNDING REVENUE BONDS, SERIES 2003A AND RELATED MATTERS**

WHEREAS, the County of Los Angeles (the "County"), the Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights) and the Los Angeles County Flood Control District (the "District") have executed a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended, the "Agreement"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (the "Act") creating the Los Angeles County Public Works Financing Authority (the "Authority"), for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the County and the District;

WHEREAS, the Authority proposes to issue its Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the "Bonds"), the proceeds of which will be applied to the acquisition of certain real and personal property of the District, including property referred to as the Public Works Headquarters located at 900 South Fremont, Alhambra, California (together with the Project (as defined in the Indenture (defined below), the "Property"), for the purpose of defeasing the Authority's Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) and to discharge the District's obligations under the Installment Purchase Agreement, dated as of August 1, 1993, by and between the District and the Authority, the Indenture of Trust, dated as of August 1, 1993, by and among the District, the Authority and the trustee for the bonds issued thereunder (the "1993 Bonds");

WHEREAS, the Bonds are to be issued pursuant to Sections 6584 et seq. (the "Bond Law") of the Act, and pursuant to an Indenture, dated as of January 1, 2003 (the "Indenture"), by and among the Authority, the District and the trustee named therein;

WHEREAS, the Authority and the District propose to enter into a Sale Agreement, dated as of January 1, 2003 (the "Sale Agreement"), pursuant to which the District will sell the Property to the Authority;

WHEREAS, the Authority and the District propose to enter into an Installment Purchase Agreement, dated as of January 1, 2003 (the "Installment Purchase Agreement"), pursuant to which the District will purchase the Property from the Authority in exchange for the District's promise to make installment payments (the "Installment Payments");

WHEREAS, the Bonds will be payable from the Installment Payments and other funds and amounts as provided under the Indenture;

WHEREAS, there have been presented to this Board the form of each of the Sale Agreement, the Installment Purchase Agreement, the Indenture, the Preliminary Official Statement (as defined below), the Bond Purchase Agreement (defined below) and the Escrow Agreement (defined below), and this Board has examined such documents and desires to approve such documents, authorize and direct the execution and delivery of such documents, as applicable; and

WHEREAS, the Authority is authorized to undertake all of the above pursuant to the Agreement, the Act, the Bond Law and other applicable laws of the state of California;

NOW, THEREFORE, this Board does find, resolve, determine and order as follows:

Section 1. The acquisition of the Property from the District and the installment sale of the Property to the District are hereby authorized and approved. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and to deliver the Sale Agreement and the Installment Purchase Agreement, substantially in the forms on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof. The officers of the Authority and their authorized representatives are hereby further authorized and directed, jointly and severally, to execute and deliver any other documents as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority to effect conveyance of the Property, such determination to be evidenced conclusively by the execution and delivery thereof.

Section 2. The issuance of the Bonds pursuant to the Bond Law in an aggregate principal amount not to exceed \$165,000,000 is hereby approved. The Bonds may be issued in one or more series, simultaneously or sequentially as provided in the Indenture. The officers of the Authority and their authorized representatives are, and each of them acting and is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and to deliver the Indenture, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof. The Bonds are authorized to be executed for and in the name and on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority and attested to by the manual or facsimile signature of the Treasurer of the Authority. The Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

The Bonds shall be special limited obligations of the Authority payable solely from amounts received under the Installment Purchase Agreement, and the Authority shall not be obligated to pay the Bonds except from such amounts and certain amounts on hand under the Indenture.

Section 3. The form of the preliminary official statement relating to the Bonds (the "Preliminary Official Statement"), other than Appendix A thereto, submitted to this meeting is hereby approved for use in connection with the public offering of the Bonds, with such changes as may be approved by the officers of the Authority and their authorized representatives. The officers of the Authority and their authorized representatives, and each of them alone or in combination, are hereby authorized by and on behalf of the Authority to certify to the Underwriters that the Preliminary Official Statement is deemed "final" for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The officers of the Authority and their authorized representatives, and each of them alone or in combination, are hereby authorized and directed to assist in the preparation of a final Official Statement relating to

the Bonds (the "Official Statement") in substantially the form of the Preliminary Official Statement; said officers and their authorized representatives are also hereby authorized and directed to cause the printing and delivery of the Preliminary Official Statement and the Official Statement. The distribution of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds is hereby approved.

Section 4. The form of Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among Salomon Smith Barney Inc., as representative of the several underwriters named or to be named therein (the "Underwriters"), the District and the Authority, on file with this Board is hereby approved. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and to deliver the Bond Purchase Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof. In connection with the execution and delivery of the Bond Purchase Agreement, the officers and their authorized representatives are further authorized and directed, jointly and severally, to negotiate the price and the interest rates for the Bonds to be sold pursuant to such Bond Purchase Agreement such that the true interest cost to the Authority with respect to the aggregate principal amount of the Bonds shall not exceed 5.00%. All or any portion of the Bonds may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer and Tax Collector of the County (the "Treasurer"), in consultation with the Underwriters, determines that the savings to the Authority resulting from the purchase of such credit enhancement exceeds the cost thereof.

If the Treasurer determines that the Bonds shall be issued in more than one series or sequentially, the officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and deliver such additional bond purchase agreements as such officers may deem necessary or appropriate in connection with such additional series of Bonds, in each case with such underwriters) as the Treasurer may select; provided that each such bond purchase agreement shall be substantially in the form of the Bond Purchase Agreement and shall be subject to the true interest cost set forth in this Section 4.

Section 5. The form of Escrow Agreement, dated as of January 1, 2003 (the "Escrow Agreement"), by and among Authority, the District and the trustee for the 1993 Bonds, on file with this Board is hereby approved. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and to deliver the Escrow Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof.

Section 6. In connection with, or incidental to, the issuance of the Bonds, or the acquisition or carrying out of any investment or program of investment by any officer of the Authority, the Treasurer, and each other officer of the Authority responsible for the Bonds or such investment or program of investment, acting alone, may enter into any contracts, including, without limitation, contracts commonly known as interest rate swap agreements, forward payment

conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stocks or other indices; contracts to exchanges cash flows or a series of payments; municipal bond warrants; custodial receipts; contracts relating to the establishment of a reserve fund surrogate; investment contracts; or contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the officers of the Authority determine to be necessary or appropriate to place the Bonds or such investment or program of investment, or such other contract or contracts, in whole or part, on the interest rate or other basis determine by such officers, or to eliminate or reduce any potential difference between the amount paid as interest or a discount and the amounts received as interest or other investment income in connection with Bonds or such investment or program of investment, as applicable.

These contracts and arrangements shall be entered into with the parties selected by the means, and contain the payment, security, default, remedy and other terms and conditions, determined by the officers executing such contracts and arrangement, in consultation with the Treasurer, after giving due consideration to the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or other criteria as may be appropriate.

This Board determines that the contracts authorized hereby are designed to reduce the amount or duration of payment, rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is entered into.

Section 7. All actions heretofore taken by any officers, employees, agents or directors of the Authority, with respect to the issuance, delivery or sale of the Bonds, or in connection with or related to any of the agreements or documents referenced herein or to the defeasance of the 1993 Bonds are hereby approved, confirmed and ratified; and the officers of the Authority and their authorized representatives, and each of the foregoing acting alone is, hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and to take any and all actions, and to execute and deliver such documents, agreements and certificates (including, but not limited to, the Tax Certificate and Agreement), which they, or any of them, may deem necessary or advisable to effectuate the purposes of this Resolution and the lawful issuance and delivery of the Bonds.

Section 8. This Resolution shall take effect immediately upon its passage.

The foregoing Resolution was on the 7th day of January, 2003, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: David D. Kelsey
Deputy County Counsel

SALE AGREEMENT

Dated as of January 1, 2003

by and between

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
as Seller

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY,
as Purchaser

SALE AGREEMENT

This SALE AGREEMENT (the "Sale Agreement"), dated as of January 1, 2003, by and between LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a flood control district duly organized and existing under and by virtue of the laws of the State of California (the "District"), and LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the District has heretofore entered into an Installment Purchase Agreement, dated as of August 1, 1993 (the "1993 Installment Purchase Agreement"), with the Authority, relating to the acquisition of the Public Works Department headquarters by the District;

WHEREAS, the right to receive payments under the 1993 Installment Purchase Agreement was assigned to BNY Western Trust Company (formerly known as First Interstate Bank of California, N.A.), as trustee (the "1993 Trustee") for the benefit of the owners of \$238,695,000 aggregate principal amount of Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) (the "1993 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 1993 (the "1993 Indenture"), by and between the Authority and the 1993 Trustee;

WHEREAS, the District proposes to refund and defease the 1993 Bonds and discharge its obligations under the 1993 Installment Purchase Agreement and the 1993 Indenture by selling the certain real and personal property (the "Property") of the District described in Exhibit A hereto to the Authority pursuant to this Sale Agreement, a portion of the proceeds of such sale to be used by the District, to refund and defease the 1993 Bonds and to discharge the District's obligations under the 1993 Installment Purchase Agreement and the 1993 Indenture;

WHEREAS, the District proposes to repurchase the Property from the Authority pursuant to the Installment Purchase Agreement, dated the date hereof, by and between the Authority and the District;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Sale Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Definitions. All capitalized terms used herein without definition shall have the meanings given such terms in the Installment Purchase Agreement.

SECTION 2. Purchase and Sale of the Property. The District agrees to sell, and hereby grants sells and conveys to the Authority, and the Authority agrees to purchase, and hereby purchases, from the District, the Property (as more particularly described in Exhibit A hereto together with all improvements and personal property located thereon) at the sale price set forth in Section 4 hereof.

SECTION 3. Ownership. The District covenants that it is title owner of and holds title in fee simple to the Property described in Exhibit A hereto. The District warrants that to its knowledge it is unaware of any impairment of marketable title.

SECTION 4. Sale Price. The sale price of the Property is \$ _____ payable on _____, 2003 in full.

SECTION 5. Governing Law. This Sale Agreement is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

SECTION 6. Execution in Counterparts. This Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 7. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

IN WITNESS WHEREOF, the parties hereto have executed this Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

LOS ANGELES COUNTY FLOOD
CONTROL DISTRICT

By _____
Chair

Attest:
VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair

Attest:
Secretary

By _____
Deputy Secretary

EXHIBIT A

DESCRIPTION OF PROPERTY

All that real property situated in the County of Los Angeles, State of California,
described as follows, and any improvements thereto:

[Property description.]

INSTALLMENT PURCHASE AGREEMENT

Dated as of January 1, 2003

by and between

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,
as Purchaser

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY,
as Seller

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT (the "Installment Purchase Agreement"), dated as of January 1, 2003, by and between the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a flood control district duly organized and existing under and by virtue of the laws of the State of California (the "District"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the District has heretofore entered into an Installment Purchase Agreement, dated as of August 1, 1993 (the "1993 Installment Purchase Agreement"), with the Authority, relating to the acquisition of the Public Works Department headquarters by the District (the "1993 Project");

WHEREAS, the right to receive payments under the 1993 Installment Purchase Agreement was assigned to First Interstate Bank of California, N.A., as trustee (the "1993 Trustee") for the benefit of the owners of \$238,695,000 aggregate principal amount of Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) (the "1993 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 1993 (the "1993 Indenture"), by and between the Authority and the 1993 Trustee;

WHEREAS, the District proposes to refund and defease certain Outstanding Maturities of the 1993 Bonds (the "Refund Bonds") and discharge its obligations under the 1993 Installment Purchase Agreement by selling certain real and personal property (together with the Project (defined herein) the "Property") to the Authority pursuant to a Sale Agreement, dated as of the date hereof (the "Sale Agreement"), a portion of the proceeds of such sale to be used by the District to refund and defease the 1993 Bonds and, in conjunction with the deposit of moneys of the 1993 Bonds maturing on March 1, 2003, to discharge the District's obligations under the 1993 Installment Purchase Agreement and the 1993 Indenture;

WHEREAS, the Authority has agreed to assist the District by refinancing the 1993 Project;

WHEREAS, the District is authorized by the Los Angeles County Flood Control District Act (California Water Code, Chapter 28) (the "Law") to acquire or contract to acquire property and to contract to construct any and all works or improvements within or without the District necessary or proper to carry out any of the objects or purposes of the Law;

WHEREAS, the Authority proposes to sell the Property to the District and the District desires to purchase the Property from the Authority upon the terms and conditions set forth herein;

WHEREAS, the District and the Authority have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

“Additional Payments” means the payments to be made by the District pursuant to Section 4.06.

“Assessment Debt Service” means, for any Bond Year, with respect to all Assessment Revenue Obligations, Parity Obligations and Contracts the sum of (1) the interest accruing during such Bond Year on all outstanding Assessment Revenue Obligations and Parity Obligations assuming that all outstanding serial Assessment Revenue Obligations and Parity Obligations are retired as scheduled and that all outstanding term Assessment Revenue Obligations and Parity Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Assessment Revenue Obligations or Parity Obligations, as applicable), (2) that portion of the principal amount of all outstanding serial Assessment Revenue Obligations and Parity Obligations maturing on the next succeeding principal payment date that would have accrued during such Bond Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Assessment Revenue Obligations and Parity Obligations required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Bond Year if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or

during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments required to be made at the times provided in the Contracts that would have accrued during such Bond Year if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding payment date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that if any of such Assessment Revenue Obligations or Parity Obligations or if the Installment Payments due under any of such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Assessment Revenue Obligations or Parity Obligations or such Contracts, for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the average variable interest rate borne over the preceding twelve (12) months by Outstanding Assessment Revenue Obligations, Parity Obligations or Contracts bearing interest payable pursuant to a variable interest rate formula, except that if no such Assessment Revenue Obligations, Parity Obligations or Contracts are Outstanding, shall be assumed to be the average rate quoted in The Bond Buyer 25 Revenue Bond Index over the preceding twelve (12) months, or such successor or replacement index comparable to that to be utilized in determining the interest rate for the indebtedness then proposed to be issued; provided that Assessment Debt Service on Parity Obligations and Contracts shall only include that portion of Assessment Debt Service on Parity Obligations and Contracts required to be paid from Assessment Revenue to the extent Taxes will not be available in an amount sufficient therefor.

“Assessment Revenue” means the revenues derived from any benefit assessment imposed by the District.

“Assessment Revenue Obligation” shall have the meaning set forth for such term in Section 4.05(c).

“Authority” means the Los Angeles County Public Works Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

“Board of the District” means the Board of Supervisors of the District.

“Bond Year” means a twelve-month period ending on March 1 pursuant to which Installment Payments are calculated.

“Bonds” has the meaning set forth for such term in the Indenture.

“Construction Fund” means the fund by that name established pursuant to Section 3.03 of the Indenture.

“Contracts” means this Installment Purchase Agreement and all other installment or revenue payment contracts of the District authorized and executed by the District under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from both Taxes and Assessment Revenue on a parity with the payment of the Installment Payments hereunder.

“Debt Service” means, for any Bond Year, the sum of (1) the interest accruing during such Bond Year on all outstanding Parity Obligations, assuming that all outstanding serial

Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Parity Obligations), (2) that portion of the principal amount of all outstanding serial Parity Obligations maturing on the next succeeding principal payment date that would have accrued during such Bond Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Parity Obligations required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Bond Year if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments required to be made at the times provided in the Contracts that would have accrued during such Bond Year if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding payment date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that if any of such Parity Obligations or if the Installment Payments due under any of such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Parity Obligations or such Contracts, for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the average variable interest rate borne over the preceding twelve (12) months by Outstanding Parity Obligations or Contracts bearing interest payable pursuant to a variable interest rate formula, except that if no such Parity Obligations or Contracts are Outstanding, shall be assumed to be the average rate quoted in The Bond Buyer 25 Revenue Bond Index over the preceding twelve (12) months, or such successor or replacement index comparable to that to be utilized in determining the interest rate for the indebtedness then proposed to be issued.

“Defeasance Securities” has the meaning set forth in the Indenture.

“Deposit Date” means the immediately preceding February 1 for each March 1 Interest Payment Date and the immediately preceding August 1 for each September 1 Interest Payment Date, commencing August 1, 2003.

“District” means Los Angeles County Flood Control District, a flood control district duly organized and existing under and by virtue of the laws of the State of California.

“Event of Default” means an event described in Section 7.01.

“Financing Documents” mean the Indenture, the 2003 Installment Purchase Agreement, the Sale Agreement and the Escrow Agreement, including any amendments or supplements thereto.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Indenture” means that certain Indenture, dated as of January 1, 2003, by and between the Authority and BNY Western Trust Company, as trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District.

“Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

“Installment Purchase Agreement” means this installment payment agreement by and between the District and the Authority, dated as of January 1, 2003, as originally executed and as it may from time to time be amended or supplemented in accordance herewith and with the Indenture.

“Interest Payment Date” means a date on which the interest component of the Installment Payments is due, being March 1 and September 1 of each year to which reference is made, commencing on September 1, 2003.

“Law” means the Los Angeles County Flood Control District Act (California Water Code, Chapter 28) and all laws amendatory thereof or supplemental thereto.

“Maximum Annual Assessment Debt Service” means, with respect to Assessment Obligations, the greatest total Assessment Debt Service, payable in any Bond Year during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Assessment Obligation.

“Maximum Annual Parity Debt Service” means, with respect to Parity Obligations and Contracts, Assessment Obligations or Tax Obligations, the greatest total Parity Debt Service, Assessment Debt Service or Tax Debt Service, as applicable, payable in any Bond Year during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Parity Obligations and Contract, Assessment Obligation or Tax Obligation, as applicable.

“Maximum Annual Tax Debt Service” means, with respect to Tax Obligations, the greatest total Tax Debt Service payable in any Bond Year during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Tax Obligation.

“Net Proceeds” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to the Property or any part thereof, less any costs reasonably expended by the District to receive such proceeds.

“Obligations” means all Parity Obligations, Contracts, Assessment Revenue Obligations and Tax Obligations.

“Parity Debt Service” means, for any Bond Year, with respect to all Obligations, the sum of (1) the interest accruing during such Bond Year on all outstanding Obligations, assuming that all outstanding serial Obligations are retired as scheduled and that all outstanding term Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Obligations), (2) that portion of the principal amount of all outstanding serial Obligations maturing on the next succeeding principal payment date that would have accrued during such Bond Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, and (3) that portion of the principal amount of all outstanding term Obligations required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Bond Year if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be; provided, that if any of such Obligations bear interest payable pursuant to a variable interest rate formula, the interest rate on such Obligations, for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the average variable interest rate borne over the preceding twelve (12) months by Outstanding Obligations bearing interest payable pursuant to a variable interest rate formula, except that if no such Obligations are Outstanding, shall be assumed to be the average rate quoted in The Bond Buyer 25 Revenue Bond Index over the preceding twelve (12) months, or such successor or replacement index comparable to that to be utilized in determining the interest rate for the indebtedness then proposed to be issued.

“Parity Obligations” means all obligations of the District authorized, executed, issued and delivered by the District under and pursuant to applicable law, the interest and principal and redemption premium, if any, payments under and pursuant to which are payable from both Taxes and Assessment Revenue on a parity with the payment of the Installment Payments.

“Parity Payments” means the payments scheduled to be paid by the District under and pursuant to the Contracts.

“Permitted Investments” has the meaning set forth in the Indenture.

“Project” means those certain additions, betterments, extensions or improvements to the District’s Property, the acquisition, design, construction, improvement and installation of which is to be paid for by the proceeds of any Additional Bonds, as set forth or as provided in a supplement to the Installment Purchase Agreement executed in connection with such Additional Bonds.

“Property” means the real property of the District described in Exhibit A hereto, and the personal property located thereon and the Project.

"Purchase Price" means the principal amount plus interest thereon owed by the District to the Authority under the terms hereof as provided in Section 4.01.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Revenues" means the revenues pledged under Section 4.03.

"Tax Debt Service" means, for any Bond Year, with respect to all Tax Obligations, Parity Obligations and Contracts the sum of (1) the interest accruing during such Bond Year on all outstanding Tax Obligations and Parity Obligations assuming that all outstanding serial Tax Obligations and Parity Obligations are retired as scheduled and that all outstanding term Tax Obligations and Parity Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Tax Obligations or Parity Obligations, as applicable), (2) that portion of the principal amount of all outstanding serial Tax Obligations and Parity Obligations maturing on the next succeeding principal payment date that would have accrued during such Bond Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Tax Obligations and Parity Obligations required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Bond Year if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments required to be made at the times provided in the Contracts that would have accrued during such Bond Year if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding payment date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that if any of such Tax Obligations or Parity Obligations or if the Installment Payments due under any of such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Tax Obligations or Parity Obligations or such Contracts, for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the average variable interest rate borne over the preceding twelve (12) months by Outstanding Tax Obligations, Parity Obligations or Contracts bearing interest payable pursuant to a variable interest rate formula, except that if no such Tax Obligations, Parity Obligations or Contracts are Outstanding, shall be assumed to be the average rate quoted in The Bond Buyer 25 Revenue Bond Index over the preceding twelve (12) months, or such successor or replacement index comparable to that to be utilized in determining the interest rate for the indebtedness then proposed to be issued.

"Taxes" means the District's allocable portion of the 1% general, *ad valorem* taxes levied and received by the District.

"Tax Obligations" shall have the meaning set forth for such term in Section 4.05(b).

"Trustee" means BNY Western Trust Company, Los Angeles, California, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Representations and Warranties by the District. The District makes the following representations:

(a) The District is a flood control district duly organized and existing under and by virtue of the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Property under the terms of this Installment Purchase Agreement being included in the gross income of the owners of the Bonds for purposes of federal or State of California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire, design, construct, improve and install the Property in the manner provided for in this Installment Purchase Agreement.

SECTION 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a joint powers authority duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the Property under the terms of this Installment

Purchase Agreement being included in the gross income of the owners of the Bonds for purposes of federal or State of California income taxation.

ARTICLE III

ACQUISITION, DESIGN, CONSTRUCTION, IMPROVEMENT AND INSTALLATION OF THE PROJECT

SECTION 3.01. Purchase of the Property. The Authority agrees to sell to the District and the District agrees to purchase from the Authority, the Project at the Purchase Price set forth in Section 4.01 (payable in installments in accordance with Section 4.02) and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

SECTION 3.02. Acquisition, Design, Construction, Improvement and Installation of the Project. The Authority hereby agrees to cause the Project to be acquired, designed, constructed, improved and installed by the District or its designee as its agent. The District shall enter into contracts and, as agent for the Authority, provide for the complete acquisition, design, construction, improvement and installation of the Project. The District hereby agrees that it will cause the acquisition, design, construction, improvement and installation of the Project to be diligently performed after the deposit of funds with the Trustee pursuant to Section 3.02 of the Indenture. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project in excess of the amount deposited in the Construction Fund and that all such excess costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Construction Fund are sufficient to cover all such costs and expenses.

ARTICLE IV

INSTALLMENT PAYMENTS; PLEDGE AND APPLICATION OF REVENUES; ADDITIONAL OBLIGATIONS

SECTION 4.01. Purchase Price.

(a) The Purchase Price to be paid by the District to the Authority is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VI.

(b) The principal amount of the payments to be made by the District hereunder is \$ _____.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit C, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

SECTION 4.02. Installment Payments. The District shall, subject to any rights of prepayment provided in Article VI, pay the Authority the Purchase Price, without offset or deduction of any kind, in installment payments with interest and principal thereon, the interest

components being due semiannually on the Interest Payment Dates and the principal components being due annually on March 1 in accordance with Exhibit C.

Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from the Revenues as provided herein, and does not constitute a debt of the District, the County or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The obligation of the District to make the Installment Payments from Revenues is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII). The District will not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditioned upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

SECTION 4.03. Pledge of Revenues. The District agrees to pledge, and hereby pledges, for payment of the Installment Payments hereunder, in the following order of priority, (i) the Taxes, and (ii) to the extent the Taxes are insufficient to pay the Installment Payments in any fiscal year, the Assessment Revenue (collectively, the "Revenues").

SECTION 4.04. Application of Revenues.

(a) The District agrees to pay the Purchase Price for the Property by making Installment Payments, which the District agrees to pay to the Trustee, for the benefit of the Authority, for deposit into the Installment Payment Fund held by the Trustee under the Indenture and which, in the aggregate, shall be in an amount sufficient for the payment in full of all obligations to the Owners of the Bonds from time to time Outstanding under the Indenture.

(b) The Installment Payments payable by the District hereunder shall be due on March 1 and September 1 of each year, commencing on March 1, 2003. In order to secure its obligation to make Installment Payments, the District agrees and covenants that it shall deposit the Installment Payment next coming due with the Trustee on or before each Deposit Date, for application to the Installment Payment Fund. The District's obligation to make such deposits shall be discharged to the extent of amounts already on deposit in the Installment Payment Fund immediately prior to the deposit to be made on

the Deposit Date and which are available to pay interest or principal, respectively, with respect to the Bonds on the next Interest Payment Date.

SECTION 4.05. Additional Obligations.

(a) The District shall not at any time issue any obligation the payments under and pursuant to which or execute any agreement the payments under which and pursuant to which, as the case may be, are secured from the Taxes or the Assessment Revenues on a basis senior to the payment by the District of the Installment Payments.

(b) The District may at any time issue any Parity Obligations the payments under and pursuant to which or execute any Contract the Parity Payments under and pursuant to which, as the case may be, are payable on a parity with the payment by the District of the Installment Payments as provided herein; provided, the sum of Taxes and Assessment Revenue for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Parity Obligations or the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least the Maximum Annual Parity Debt Service on all Obligations to be outstanding after the issuance of such Parity Obligations or the execution of such Contract, as the case may be.

(c) The District may at any time issue any obligations the payments under and pursuant to which or execute any installment sale or purchase agreement the payments under and pursuant to which, as the case may be, are secured by a pledge of the Assessment Revenue ("Assessment Revenue Obligations") on a parity with the pledge by the District of the Assessment Revenue to the payment of the Installment Payments as provided herein; provided, the Assessment Revenue for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Assessment Revenue Obligations, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least the Maximum Annual Assessment Debt Service on all Assessment Revenue Obligations, Parity Obligations and Contracts outstanding after the issuance of such Assessment Revenue Obligations.

(d) The District may at any time issue any obligations the payments under and pursuant to which or execute any installment sale or purchase agreement the payments under and pursuant to which, as the case may be, are secured by a pledge of the Taxes ("Tax Obligations") on a parity with the pledge by the District of the Taxes to the payment of the Installment Payments as provided herein; provided, the Taxes for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Tax Obligations, as evidenced by both a calculation prepared by the District and either a

Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least the Maximum Annual Tax Debt Service on all Tax Obligations, Parity Obligations and Contracts Outstanding after the issuance of such Tax Obligation.

(e) Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the District to (i) execute any agreement evidencing any Parity Obligations or Contracts, Assessment Revenue Obligations or Tax Obligations at any time to refund any outstanding Parity Obligations or Contracts, Assessment Revenue Obligations or Tax Obligations, as applicable, or (ii) execute any contract or issue any obligations which are payable from Taxes, Assessment Revenue, or both on a subordinate basis to the payment by the District of the Installment Payments.

SECTION 4.06. Additional Payments. In addition to the Installment Payments the District shall pay to the Authority, or the Trustee, as applicable, as Additional Payments hereunder such amounts in each year as shall be required by the Authority for the payment in full of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement hereof and of the Indenture, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority in connection with this Installment Purchase Agreement and the Indenture, the fees, costs and expenses of the Trustee in connection with the Bonds, all expenses and interest payable by the Authority to the Bond Insurer or any other document to the extent not otherwise paid pursuant to Section 4.04(b) and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Property or the Installment Payments and the other payments required to be made by the District hereunder. Such Additional Payments shall be billed to the District by the Authority or Trustee from time to time, together with a statement certifying that the amount so billed has been paid by the Authority for one or more of the items above described, or that such amount is then payable by the Authority for one or more of such items, and all amounts so billed shall be due and payable by the District to or upon the order of the Authority within thirty (30) days after receipt of the bill by the District. The District hereby consents to and agrees to pay, as Additional Payments, directly to the Trustee, within thirty (30) days of a receipt of a bill therefore, the fees and expenses of the Trustee payable under the Indenture.

SECTION 4.07. Rate Covenant. The District hereby covenants that it shall determine annually the costs of the services that are financed by the benefit assessment imposed by the District and that it shall determine and impose assessments (taking into account principal, interest and other obligations owed) in an amount that is sufficient to pay the maximum Installment Payments payable in any fiscal year plus maximum annual debt service requirements for any indebtedness secured on a pari passu basis with the Installment Payments.

ARTICLE V

COVENANTS OF THE DISTRICT

SECTION 5.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. Subject to Section 4.02, the District will punctually pay the Installment Payments

in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Property, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including Acts of God, tempest, storm, earthquake, war, terrorism, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Installment Purchase Agreement and the Indenture that, subject to Section 9.07, each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the purchase of and payment for the Property by the District pursuant to, and in accordance with, and as authorized under the Law.

SECTION 5.02. Use of Proceeds of Series 2003A Bonds. The District and the Authority agree that the proceeds of the Series 2003A Bonds in an amount associated with the principal components of the Installment Payments payable hereunder will be used by the District, as agent for the Authority, to refund and defease the 1993 Bonds and discharge its obligations under the 1993 Installment Purchase Agreement and to establish the Costs of Issuance Fund under the Indenture.

SECTION 5.03. Against Encumbrances. The District will not make any pledge of or place any lien on any of the Revenues, except as provided in Section 4.05.

The District will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the District, in, upon, about or relating to the Property and will keep the Property free of any and all liens against any portion of the Property or the Authority's interest therein. In the event any such lien attaches to or is filed against any portion of the Property or the Authority's interest therein, the District will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the District will forthwith pay or cause to be paid and discharged such judgment. The District will, to the maximum extent permitted by law, indemnify and hold the Authority and its assignee harmless from, and defend each of them against, any claim, demand,

loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Property or the Authority's interest therein.

SECTION 5.04. Tax Covenants. The District and the Authority hereby covenant that it shall comply with the covenants and agreements set forth in Section 6.04 of the Indenture as if such provisions were set forth at length herein.

SECTION 5.05. Prompt Acquisition, Design, Construction, Improvement and Installation of the Project. The District will take all necessary and appropriate steps to acquire, design, construct, improve and install the Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

SECTION 5.06. Maintenance and Operation of the Property; Budget; Insurance.

(a) The District will maintain and preserve the Property in good repair and working order at all times and will operate the Property in an efficient and economical manner and will pay all costs of maintaining and operating the Property as they become due and payable.

(b) The District shall determine annually the costs of the services that are financed by the benefit assessment imposed by the District and that it shall determine and impose assessments (taking into account the Taxes receivable and principal, interest and other obligations owed) in an amount that is sufficient to pay the maximum Installment Payments payable in any fiscal year plus Maximum Annual Debt Service requirements for any indebtedness secured on a pari passu basis with the Installment Payments.

(c) The District shall take such actions as may be necessary to include all Installment Payments and Additional Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Installment Payments and Additional Payments. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every official of the Districts to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the District to carry out and perform the covenants on the part of the District contained herein.

(d) The District agrees that it will secure and maintain, insurance including but not limited to casualty and title insurance, covering such risks and in such amounts as, in its judgment, are adequate to protect it and its properties and operations, including the Project. The District shall annually deliver to the Trustee a certificate to the effect that the insurance required pursuant to this Section is in effect.

SECTION 5.07. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Property and all other contracts affecting or involving the Property to the extent that the District is a party thereto.

SECTION 5.08. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Property and the Project, which records shall be available for inspection by the Authority and the Trustee (who shall have no duty to so inspect) at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Trustee, as a supplement to the financial statements of the County, annually within ten (10) months after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2002), financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon. The Trustee shall have no duty to review such financial statements.

SECTION 5.09. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Property or any part thereof when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Property or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

SECTION 5.10. Insurance; Eminent Domain Proceeds. If all or any part of the Property shall be taken by eminent domain proceedings or the District shall receive proceeds of any insurance, including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof, the Net Proceeds thereof shall be applied, at the option of the District, to the prepayment of the Installment Payments as provided in Article VI or shall be used to substitute other components for the condemned components of the Property pursuant to a supplement to the Installment Purchase Agreement.

SECTION 5.11. Acquisition of Bonds by District. All Bonds acquired by the District, whether by purchase or gift or otherwise, shall be surrendered by the District to the Trustee for cancellation pursuant to the Indenture.

SECTION 5.12. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

ARTICLE VI

PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 6.01. Prepay. (a) The District may prepay, from the Net Proceeds as provided herein, all or any part (in integral multiples of \$5,000) of the principal components of the unpaid Installment Payments in such order of payment dates as shall be selected by the District on any date at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment.

(b) The District may prepay, from any source of available funds, all or any portion of the principal components of the unpaid Installment Payments becoming due on or after March 1, 20__, as a whole or in part (in integral multiples of \$5,000) in such order of payment dates as shall be selected by the District, on any date on or after March 1, 20__, at the following prepayment prices (computed upon the principal amount represented by the principal components of Installment Payments to be prepaid), together with accrued interest to the date of prepayment:

Payment Date	Payment Price
March 1, 20__ through February 28, 20__	%
March 1, 20__ through February 28, 20__	
March 1, 20__ and thereafter	

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority).

SECTION 6.02. Method of Prepayment. Before making any prepayment pursuant to Section 6.01, the District shall give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than thirty (30) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

SECTION 7.01. Events of Default. If one or more of the following Events of Default shall happen—

(1) if default shall be made in the due and punctual payment of any Installment Payment when and as the same shall become due and payable;

(2) if default shall be made by the District in the performance of any of the agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Authority or the Trustee; or

(3) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

SECTION 7.02. Remedies in General. Upon the occurrence and during the continuance of any Event of Default under this Installment Purchase Agreement, the Authority, at its option, may take such action as it deems necessary or appropriate including, without limitation, any of the following remedial steps:

- (a) Declare all Installment Payments to be due and payable immediately.
- (b) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the District's performance hereunder.
- (c) Take any action at law or in equity to collect the payments required hereunder then due, for damages or for specific performance or otherwise to enforce performance and observance of any obligations, agreement or covenant of the District hereunder.

Any such action by the Authority, however, is subject to the condition that if, at any time after such action and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all Installment Payments, the payment of which is overdue, with interest on such overdue principal component of such overdue Installment Payments at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Authority with respect to the Bonds (other than in the payment of the Installment Payments due and payable solely by reason of such action) shall have been made good or cured to the satisfaction of the Authority or provisions deemed by the Authority to be adequate shall have been made therefor, then, and in every such case, the Authority may, rescind and annul such action and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03. Application of Funds Upon Acceleration. All moneys in the Installment Payment Fund upon the date of the declaration of acceleration by the Authority as provided in Section 7.01 and all moneys thereafter received shall be applied in the following order –

First, to the payment of the costs and expenses of the Authority if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and costs and expenses, including any indemnification expenses, of the Trustee;

Second, to the payment of the interest components on the entire principal components of the unpaid Installment Payments, and, if the amount available shall not be sufficient to pay in full any such interest components coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference; and

Third, to the payment of the unpaid principal components of the Installment Payments which have become due, whether on the due date or upon prepayment, in the order of the due dates of each Installment Payment, with interest on the overdue principal and interest components of the unpaid Installment Payments to be paid at the rate or rates of interest then

applicable to such Installment Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Installment Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal component due on such date, without any discrimination or preference.

SECTION 7.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the District and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE VIII

DISCHARGE OF OBLIGATIONS

SECTION 8.01. Discharge of Obligations.

(a) If the District shall pay or cause to be paid all the Installment Payments at the times and in the manner provided herein, the right, title and interest of the Authority herein and the obligations of the District hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal components of Installment Payments in integral multiples of \$5,000 shall on their payment dates or dates of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the District pays such Installment Payments and the prepayment premium, if applicable, in the manner provided herein.

(c) All or any portion of unpaid principal components of Installment Payments in integral multiples of \$5,000 shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is provided by the District to the Trustee as required by the Indenture, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities which are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient to pay when due the Installment Payments on and prior to their payment dates or their dates of prepayment, as the case may be and the accrued interest thereon and prepayment premiums, if applicable, on such Installment Payments, and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection (c) will not cause the interest component on the Installment Payments so paid to be includable in gross income for federal income tax purposes.

(d) After the payment of all Installment Payments and any applicable prepayment premium as provided in this section, and payment of the fees and expenses of the Trustee, the Trustee, upon request of the District, shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and the Authority and shall execute and deliver to the District and the Authority all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over and deliver to the District, as an overpayment of Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Installment Payments and shall be applied by the Trustee pursuant to the Indenture.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments.

(a) This Installment Purchase Agreement, and the rights and obligations of the Authority and the District hereunder, may be amended at any time by an amendment hereto which shall become binding upon execution by the Authority and the District, but only with the prior written consent of the Owners of a majority of the principal evidenced by the Bonds then Outstanding, provided that no such amendment shall (i) extend the payment date of any Installment Payments, reduce the interest component or principal component of any Installment Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected or, (ii) reduce the percentage of the principal evidenced by the Bonds the consent of the Owners of which is required for the execution of any amendment of this Installment Purchase Agreement.

(b) This Installment Purchase Agreement, and the rights and obligations of the District and the Authority hereunder, may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the District and the Authority without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the agreements, conditions, covenants and terms required by the Authority or the District to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the District, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the District, and which in either case shall not materially adversely affect the interests of the Bond Insurer or the Owners;
- (ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the District may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Bond Insurer or the Owners;
- (iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest components of Installment Payments;
- (iv) to provide for the execution and delivery of Additional Bonds in accordance with the provisions of Sections 9.05 of the Indenture or to provide for modification of the Project; or
- (v) to make such other changes herein or therein or modifications hereto as the Authority or the District may deem desirable or necessary, and which shall not materially adversely affect the interests of the Bond Insurer or the Owners.

SECTION 9.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Authority or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Authority shall be for the sole and exclusive benefit of the other party and the Trustee.

SECTION 9.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 9.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Installment

Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 9.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," "Exhibits" and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

SECTION 9.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such a agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 9.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District.

SECTION 9.08. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

SECTION 9.09. California Law. This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 9.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Los Angeles County Flood Control
District
900 South Fremont
Alhambra, California 91803
Attention: Director of Public Works,
Finance

with a copy to: Los Angeles County Flood Control
District
900 South Fremont
Alhambra, California 91803
Attention: Deputy Director of Public
Works, Finance and
Assistant Deputy Director of Public
Works, Finance

If to the Authority: Los Angeles County Public Works
Financing Authority
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector

SECTION 9.11. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

SECTION 9.12. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

LOS ANGELES COUNTY FLOOD
CONTROL DISTRICT

By _____
Chair

Attest:
VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair

Attest:
Secretary

By _____
Deputy Secretary

EXHIBIT A

DESCRIPTION OF PROPERTY

All that real property situated in the County of Los Angeles, State of California,
described as follows, and any improvements thereto:

[Property description.]

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project comprises no improvements to the District's facilities.

EXHIBIT C

INSTALLMENT PAYMENT SCHEDULE

Los Angeles County Public Works Financing Authority
Capital Construction and Refunding Bonds
(Los Angeles County Flood Control District) Series 2003
_____ Insured Aaa/AAA Rated

Dated Date _____
Delivery Date _____

<u>Payment Date</u>	<u>Principle</u>	<u>Coupon</u>	<u>Semiannual Interest</u>	<u>Annual Payment</u>	<u>Payment</u>
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INSTALLMENT PAYMENT SCHEDULE (CONTINUED)

Los Angeles County Public Works Financing Authority
Capital Construction and Refunding Bonds
(Los Angeles County Flood Control District) Series 2003
_____ Insured Aaa/AAA Rated

<u>Payment Date</u>	<u>Principle</u>	<u>Coupon</u>	<u>Semiannual Interest</u>	<u>Annual Payment</u>	<u>Payment</u>
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INDENTURE

Dated as of January 1, 2003

by and among

BNY WESTERN TRUST COMPANY

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

relating to the

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY REVENUE BONDS
(LOS ANGELES COUNTY FLOOD CONTROL DISTRICT)

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INDENTURE

This Indenture (the "Indenture"), dated as of January 1, 2003, by and among BNY WESTERN TRUST COMPANY, a banking corporation duly organized and existing under and by virtue of the laws of the State of California, as trustee (the "Trustee"), LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a flood control district duly organized and existing under and by virtue of the laws of the State of California (the "District");

WITNESSETH:

WHEREAS, the District has heretofore entered into an Installment Purchase Agreement, dated as of August 1, 1993 (the "1993 Installment Purchase Agreement"), with the Authority, relating to the acquisition of the Public Works Department headquarters by the District (the "1993 Project");

WHEREAS, the right to receive payments under the 1993 Installment Purchase Agreement was assigned to First Interstate Bank of California, N.A., as trustee (the "1993 Trustee") for the benefit of the owners of \$238,695,000 aggregate principal amount of Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) (the "1993 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 1993 (the "1993 Indenture"), by and between the Authority and the 1993 Trustee;

WHEREAS, the District proposes to refund and defease certain outstanding maturities of the 1993 Bonds (the "Refunded Bonds") and discharge its obligations under the 1993 Installment Purchase Agreement by selling certain real and personal property (and together with the Project (defined herein), the "Property") to the Authority pursuant to a Sale Agreement, dated as of the date hereof (the "Sale Agreement"), a portion of the proceeds of such sale to be used by the District, to refund and defease the Refunded Bonds and, in conjunction with the deposit of moneys to pay the 1993 Bonds maturing on March 1, 2003, to discharge the District's obligations under the 1993 Installment Purchase Agreement and the 1993 Indenture;

WHEREAS, the Authority and the District have executed and entered into an Installment Purchase Agreement (the "Installment Purchase Agreement") as of January 1, 2003, pursuant to which the Authority has sold the Property to the District;

WHEREAS, the Authority proposes to issue its Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A pursuant to this Indenture for the purpose of assisting the District by acquiring the Property under the Sale Agreement and, pursuant to the Installment Purchase Agreement, selling the Property to the District in exchange for installment purchase payments (the "Installment Payments");

WHEREAS, the Authority has assigned without recourse all its rights to receive the Installment Payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement to the Trustee pursuant to the Indenture;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Indenture;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“1993 Indenture” shall have the meaning set forth for such term in the recitals hereto.

“1993 Redemption Account” means the account by that name established under the 1993 Indenture.

“1993 Trustee” shall have the meaning set forth for such term in the recitals hereto.

“Additional Bonds” means bonds issued pursuant to Section 9.05.

“Authority” means Los Angeles County Public Works Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) any day on which the Insurer or banks located in the cities in which the Principal Corporate Trust Office of the Trustee are located, are not required or authorized to be closed or (iii) any day on which the New York Stock Exchange is closed.

“Bond Insurers” means the Series 2003A Bond Insurer and any issuer of a municipal bond insurance policy with respect to Additional Bonds.

“Bonds” means the Series 2003A Bonds and any Additional Bonds authorized hereby and at any time Outstanding.

“Certification” or “Request” means, with respect to the District, an instrument in writing signed on behalf of the District by the Assistant Deputy Director of Public Works, Finance, of the District or another official designated by the Treasurer and Tax Collector of the District and

authorized by such Treasurer and Tax Collector to act on behalf of the District under or with respect to this Indenture or the Installment Purchase Agreement and all other agreements related thereto and, with respect to the Authority, an instrument in writing signed on behalf of the Authority by the Assistant Deputy Director of Public Works, Finance, of the District or another official designated by the Treasurer of the Authority and authorized by such Treasurer to act on behalf of the Authority under or with respect to this Indenture of Trust or the Installment Purchase Agreement and all other agreements related thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

"Construction Fund" means the fund by that name established pursuant to Section 3.03.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District or the Authority and related to the authorization, execution and delivery of the Installment Purchase Agreement and the related sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the financial advisor, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original sale, execution and delivery of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.02.

"Defeasance Securities" means (1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs"); (2) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (3) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book entry form; (4) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P (if however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition); (5) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Direct obligations or fully guaranteed certificates of beneficial ownership); (b) Farmers Home Administration (Certificates of beneficial ownership); (c) Federal Financing Bank; (d) General Services Administration (Participation certificates); (e) U.S. Maritime Administration (Guaranteed Title XI financing) and (f) U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds).

"District" means Los Angeles County Flood Control District, a flood control district duly organized and existing under and by virtue of the laws of the State of California.

“Escrow Agreement” means the Escrow Agreement, dated as of the date hereof, by and among the Authority, the District and the 1993 Trustee.

“Fitch” means Fitch, Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody’s) designated by the Authority, with the approval of the District, by notice to the Bond Insurers and the Trustee.

“Indenture” means this Indenture, dated as of January 1, 2003, by and among the Trustee, the Authority and the District, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“Installment Payment Fund” means the fund by that name established pursuant to Section 5.01.

“Installment Payments” means all amounts payable by the District pursuant to Section 4.02 of the Installment Purchase Agreement.

“Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2003, by and between the Authority and the District, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith and therewith.

“Interest Fund” means the fund by that name established pursuant to Section 5.02.

“Interest Payment Date” means a date on which interest on the Bonds becomes due and payable, being March 1 and September 1 of each year to which reference is made, commencing, with respect to the Series 2003A Bonds, on September 1, 2003.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Authority, with the approval of the District, by notice to the Bond Insurers and the Trustee.

“Net Proceeds” shall have the meaning set forth for such term in the Installment Purchase Agreement.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the District.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except --

- (1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 10.01; and

(3) Bonds in lieu of and in substitution for which other Bonds shall have been executed and delivered by the Trustee hereunder.

“Owner” means the registered owner of any Bond.

“Permitted Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the Lessee:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Permitted Investments only if they have been stripped by the agency itself); U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration (certificates of beneficial ownership), Federal Financing Bank, General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, U.S. public housing notes and bonds-U.S. government guaranteed public housing notes and bonds), Government National Mortgage Association (GNMA-guaranteed mortgage-backed bonds, GNMA-guaranteed pass-through obligations), and Federal Housing Administration Debentures;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Permitted Investments only if they have been stripped by the agency itself): Federal Home Loan Bank System (senior debt obligations), Federal Home Loan Mortgage Corporation (“FHLMC”) (participation certificates, senior debt obligations), Federal National Mortgage Association (“FNMA”) (mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (senior debt obligations), Resolution Funding Corp. (obligations) or Farm Credit System (consolidated systemwide bonds and notes);

(4) bonds or notes issued by any state or municipality which are rated by S&P and Moody’s in one of the two highest rating categories assigned by such agencies;

(5) (i) repurchase agreements that are fully flexible with withdrawal permitted on not more than three days notice; and (ii) repurchase agreements with a term in excess of 30 days acceptable to the Bond Insurers, and (iii) repurchase agreements with either a

primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated "A" or better by S&P and Moody's, provided that (a) the term of such repurchase agreement is not greater than thirty days, (b) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, (e) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (f) the repurchase securities are free and clear of any third-party lien or claim; and (g) there shall have been delivered to the Trustee, the Authority, the District and the Bond Insurers an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) investment agreements, including guaranteed investment contracts ("GICs"), forward purchase agreements and reserve fund put agreements acceptable to the Bond Insurers;

(7) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2;

(8) certificates of deposit secured at all times by collateral described in (1) and/or (2) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Owners has a perfected first security interest;

(9) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(10) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(11) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1" or "A" or better by S&P;

(12) obligations of a bank or other financial institution rated at least "Aa3" by the Rating Agency; and

(13) any other investments approved in writing by the Authority and the Insurer, provided that such investment does not adversely affect the ratings of any Rating Agency then rating the Bonds.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in San Francisco, California; provided, however, for transfer, registration, exchange, payment and surrender of Bonds means the corporate trust office of BNY Western Trust Company in _____, _____.

“Principal Fund” means the fund by that name established pursuant to Section 5.02.

“Project” means those certain additions, betterments, extensions or improvements to the Property, the acquisition, design, construction, improvement and installation of which is to be paid for by the proceeds of and Additional Bonds, as set forth or as provided in a supplement to the Installment Purchase Agreement executed in connection with such Additional Bonds.

“Rating Agencies” means Fitch, Moody’s and S&P; provided, however, that if either of Fitch or Moody’s does not rate investments or obligations of a type described in any of classes (1) through (14) of the definition of “Permitted Investments,” a rating by such entity shall not be required.

“Rebate Fund” means the fund by that name established pursuant to Section 6.04.

“Rebate Requirement” means the Rebate Requirement defined in the Series 2003A Tax Certificate.

“Record Date” means, with respect to each Interest Payment Date, the fifteenth day of the calendar month prior to the applicable Interest Payment Date.

“Redemption Fund” means the fund by that name established pursuant to Section 5.02.

“Representations Letter” means the letter of representations to The Depository Trust Company, New York, New York, from the District and the Trustee relating to the Bonds.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody’s) designated by the Authority, with the approval of the District, by notice to the Bond Insurers and the Trustee.

“Series 2003A Bonds” means the \$_____ aggregate principal amount of Los Angeles County Public Works Financing Authority Refunding Revenue Bonds (Los Angeles County Flood Control District) 2003 Series A.

“Series 2003A Bond Insurance Policy” means the municipal bond insurance policy issued by the Series 2003A Bond Insurer and insuring the Bonds.

“Series 2003 A Bond Insurer” means, so long as the Series 2003A Bond Insurance Policy is in effect, _____ its successors or assigns.

“Series 2003A Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the District and the Trustee delivered with respect to the Series 2003A Bonds.

“Series 2003A Tax Certificate” means that tax certificate and agreement executed by the Authority and the District at the time of the execution and delivery of the Series 2003A Bonds relating to the requirements of Section 148 of the Code, as such certificate may be amended or supplemented.

“State” means the State of California.

“Supplemental Indenture” means any supplement to this Indenture then in full force and effect which has been duly executed and delivered by the Authority, the District and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent such Supplemental Indenture is specifically authorized hereunder.

“Trustee” means BNY Western Trust Company, a banking corporation duly organized and existing under and by virtue of the laws of the State of California, at its Principal Corporate Trust Office in California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in Section 8.02.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract between the Trustee and the Authority to secure the full and final payment of the interest on and principal of the Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II CONDITIONS AND TERMS OF SERIES 2003A BONDS

SECTION 2.01. Preparation of Series 2003A Bonds. The Trustee is hereby authorized and directed to authenticate and deliver the Series 2003A Bonds in the aggregate principal amount of \$_____.

SECTION 2.02. Denominations, Medium, Method and Place of Payment and Dating of Bonds. The Bonds shall be issued initially in the form of fully registered Bonds. The Series 2003A Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Any Additional Bonds shall be issued as set forth in the Supplemental Indenture providing for such Additional Bonds. The interest on and principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America. The interest on the Bonds shall be payable on their respective Interest Payment Dates by check mailed by first class mail on the date such interest is due by the Trustee to the respective Owners thereof as shown in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 on the Record Date

(except that in the case of an Owner of \$1,000,000 or greater in aggregate principal amount of Outstanding Bonds, such payment may, at such Owner's written request, be made by wire transfer of immediately available funds in accordance with instructions provided by such Owner to an account at a financial institution in the United States of America), and the principal of the Bonds shall be payable on their respective maturity dates or upon redemption prior thereto upon surrender thereof by the respective Owners thereof at the Principal Corporate Trust Office of the Trustee. The Trustee may treat the Owner of any Bond as the absolute owner of such Bond for all purposes, whether or not such Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of such Bond shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability with respect to such Bond to the extent of the sum or sums so paid. All Bonds paid pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

The Series 2003A Bonds shall be dated their date of delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof by the Trustee, unless such date of authentication is on or after the sixteenth (16th) day of the month next preceding an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to September 15, 2003, in which case they shall bear interest from their date of delivery.

SECTION 2.03. Payment Dates of Series 2003A Bonds. The Series 2003A Bonds shall have maturity dates of March 1 in the years and shall be in the principal amounts, with interest thereon at the rates, as follows:

<u>Maturity Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$ _____	_____ %

The interest on the Series 2003A Bonds shall become due and payable on their respective Interest Payment Dates, beginning on the Interest Payment Date following their date and

continuing to and including their maturity dates or on redemption prior thereto, and shall accrue interest at the respective per annum rates set forth above. The interest on the Series 2003A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal of the Series 2003A Bonds shall become due and payable on their respective maturity dates or on redemption prior thereto.

SECTION 2.04. Form of Bonds. The Series 2003A Bonds and the assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto, respectively, with appropriate or necessary insertions, omissions and variations as permitted or required thereby.

SECTION 2.05. Execution of Bonds.

(a) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman of the Board of the Authority and attested by the facsimile or manual signature of its Secretary or Treasurer, or an Assistant Secretary or an Assistant Treasurer, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been executed and delivered, such Bonds may, nevertheless, be executed and delivered as herein provided, and may be issued as if the persons who signed and sealed such Bonds had not ceased to hold such offices. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bond shall be duly authorized or hold the proper office in the Authority, although at the date borne by such Bond such person may not have been so authorized or have held such office.

(b) The Bonds shall bear thereon a certificate of authentication, in the form set forth herein, executed by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

SECTION 2.06. Transfer and Exchange of Bonds. All Bonds are transferable or exchangeable by the Owner thereof, in person or by an agent duly authorized in writing by the Owner, at the Principal Corporate Trust Office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denominations of the same maturity date representing the same aggregate principal amount without charge to the Owner, except that the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

The Trustee shall not be required to transfer or exchange any Bond selected for redemption in whole or in part from and after the date that such Bond has been selected for redemption in whole or in part under Article IV.

SECTION 2.07. Bond Registration Books. The Trustee will keep at its office sufficient books for the registration of the ownership, transfer or exchange of the Bonds, which books shall be available for inspection by the Authority, the District or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions during regular business hours; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such books as hereinabove provided. The ownership of any Bonds shall be proved by the books required to be kept by the Trustee pursuant to the provisions of this Section.

SECTION 2.08. Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will authenticate and deliver definitive Bonds without delay, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged without cost to such Owner for temporary Bonds at the office of the Trustee upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds authenticated and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.09. Bonds Mutilated Destroyed Lost or Stolen. If any Bond shall become mutilated, the Trustee shall authenticate and deliver a new Bond of like tenor and maturity date in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated, and every mutilated Bond so surrendered to the Trustee shall be cancelled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee shall execute and deliver a new Bond of like tenor and maturity date in lieu of and in substitution for the destroyed, lost or stolen Bond. The Trustee may require payment from the Owner of a sum not exceeding the actual cost of preparing each new Bond executed and delivered by it under this section and of the expenses which may be incurred by it under this section. Any replacement Bond executed and delivered under the provisions of this section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds authenticated and delivered hereunder; and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same. Notwithstanding any other provisions of this section, rather than authenticating and delivering a

new Bond for a mutilated, destroyed, lost or stolen Bond which has been called for redemption or the maturity date of which has occurred, the Trustee may make payment of the principal amount of such mutilated, destroyed, lost or stolen Bond directly to the Owner thereof under such regulations as the Trustee may prescribe upon receipt of indemnity satisfactory to the Trustee.

SECTION 2.10. Special Covenants as to Book-Entry Only System.

(a) Unless otherwise determined by the Authority, the Bonds shall be issued in the form of one or more separate single certificated fully registered Bond or Bonds, registered in the name of Cede & Co., as nominee of DTC, or any successor nominee of DTC, or the nominee of any securities depository for the Bonds replacing DTC (the "Nominee"). Except as provided in subsection (e) below, all of the Outstanding Bonds shall be so registered on the bond register, books maintained by the Trustee pursuant hereto and the provisions of subsection (f) of this Section shall apply thereto.

(b) The Authority, the District and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person ("Beneficial Owner") claiming a beneficial ownership interest in the Bonds, except as otherwise expressly provided herein. Without limiting the immediately preceding sentence, the Authority, the District and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC, the Nominee or any DTC Participant with respect to any ownership interest in the Bonds, (2) the delivery to any DTC Participant or any other person, other than an Owner as shown on the bond registration books, of any notice with respect to the Bonds, including any notice of redemption or (3) the payment to any DTC Participant or any other Person, other than an Owner as shown on the bond registration books, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown on the bond registration books, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. The Authority, the District and the Trustee may treat and consider the Person in whose name each Bond is registered on the bond registration books as the Owner and absolute owner of such Bond for the purpose of payment of principal of, and premium and interest on, such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

(c) No person other than a Owner, as shown on the bond registration books, shall receive a certificated Bond evidencing the obligation of the Authority to make payments of principal of, or premium, if any, or interest on, the Bonds pursuant to this Indenture.

(d) The Authority and the Trustee shall, if not previously on file, execute and deliver to DTC a letter of representation in customary form with respect to the Bonds (the "Representation Letter"), but such Representation Letter shall not in any way limit the provisions of this Section 2.10 or in any other way impose upon the Authority any obligation whatsoever with respect to Persons having interests in the Bonds other than the Owners, as shown on the

bond registration books. The Trustee shall take all action necessary for all representations of such party in the Representation Letter with respect to the Trustee to be complied with at all times.

(e) The Authority, with the consent of the District, may, and upon request of the District shall, terminate the services of DTC with respect to the Bonds. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice and all known information on the DTC Participants and the Beneficial Owners having an interest in the Bonds to the Authority, the District and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed by the Authority (with the consent, or at the request, of the District) to undertake the functions of DTC hereunder, the Authority, at the expense of the District, is obligated to deliver Bond certificates to or upon the order of the Beneficial Owners of such Bonds, as described in this Indenture, and such Bonds shall no longer be restricted to being registered on the bond registration books in the name of the Nominee, but may be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Indenture.

(f) So long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Owners shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of, premium, if any, or interest on the Bonds in immediately available funds to DTC.

ARTICLE III

PROCEEDS OF SERIES 2003A BONDS

SECTION 3.01. Delivery of Series 2003A Bonds. The Trustee is hereby authorized to authenticate and deliver the Series 2003A Bonds to the purchaser thereof upon receipt of a Request of the Authority and the District and upon receipt of the proceeds of sale thereof.

SECTION 3.02. Establishment of Funds and Deposit and Use of Proceeds of Series 2003A Bonds. Upon the receipt of payment for the Series 2003A Bonds when the same shall have been duly authenticated and delivered, the Trustee shall, on behalf and at the Request of the Authority, pay from the proceeds of the Series 2003A Bonds and make deposits to the 1993 Redemption Account and the Costs of Issuance Fund as follows:

(a) 1993 Redemption Account. The Trustee shall transfer to the 1993 Trustee the amount of \$_____ for deposit in the 1993 Redemption Account as provided in the Escrow Agreement.

(b) Costs of Issuance Fund. The Trustee shall deposit the remaining proceeds of the Series 2003A Bonds in the Costs of Issuance Fund, which fund the Trustee hereby agrees to establish and maintain. All money in the Costs of Insurance Fund shall be used and withdrawn

by the Trustee to pay the Costs of Issuance of the Series 2003A Bonds upon receipt of a Request of the District filed with it, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund, and each of which shall be accompanied by an original invoice or invoices or a written certification from the District of the District's payment of an invoice when such requisition is in reimbursement thereof. On July 1, 2003, or upon the earlier Request of the District, any remaining balance in the Costs of Issuance Fund shall be transferred to the Construction Fund.

SECTION 3.03. Construction Fund. The Trustee hereby agrees to establish and maintain a Construction Fund until all items constituting any Project have been acquired, designed, constructed, improved and installed by the District, or until the amounts therein are expended towards such acquisition, design, construction, improvement or installation and receipt of a Request of the District requesting the Construction Fund be closed. All money in the Construction Fund shall be applied by the Trustee as stated in a Request of the District as described below for the payment of the cost of the acquisition, design, construction, improvement or installation of the Project and the expenses incidental thereto (including reimbursement to the District for any such cost or expenses paid by it).

Except for the foregoing specified transfers, before any payment of money is made from the Construction Fund by the Trustee, the District shall file with the Trustee a Request of the District showing with respect to each payment of money to be made --

- (i) the name and address of the person to whom payment is due;
- (ii) the amount of money to be paid; and
- (iii) the purpose for which the obligation to be paid was incurred.

Each such Request of the District shall state and shall be sufficient evidence to the Trustee --

(i) that an obligation in the stated amount has been properly incurred by the District and that such obligation is a proper charge against the Construction Fund; and

(ii) that there has not been filed with or served upon the District a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in such Request of the District which has not been released or will not be released simultaneously with the payment of such obligation, other than liens accruing by mere operation of law.

When the acquisition, design, construction, improvement and installation of all items constituting the Project have been completed, the District shall deliver to the Trustee a Certification of the District stating the fact and date of the completion of such acquisition, design, construction, improvement and installation and stating that all the costs of the acquisition, design, construction, improvement and installation and the expenses

incidental thereto have been determined and paid (or that all such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Construction Fund is to be maintained in the full amount of such claim until such dispute is resolved as evidenced by a certification of the District).

The Trustee shall then transfer any remaining balance of money in the Construction Fund (but less the amount of any such retention) to the Installment Payment Fund, unless the District provides an Opinion of Counsel to the effect that another use of such moneys will not cause the interest represented by the Bonds to be included in the gross income of the Owners thereof for federal income tax purposes, in which case, such moneys may be expended by the District as provided in such opinion.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption.

(a) Extraordinary Redemption. The Bonds are subject to redemption prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity in integral multiples of \$5,000 of principal in such order of maturity as shall be selected by the District on any date, from payments made by the District from the Net Proceeds received by the District under the circumstances and upon the conditions and terms prescribed herein and in the Installment Purchase Agreement, at a redemption price equal to the sum of the principal amount or such part thereof evidenced and represented by the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

(b) Optional Redemption. The Series 2003A Bonds with a maturity date on or after March 1, 20__ are subject to optional redemption by the District prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity in integral multiples of \$5,000 of principal in such order of maturity as shall be selected by the District and designated in writing to the Trustee on any date on or after March 1, 20__, from any source of available funds, at the following redemption prices (computed upon the principal amount or such part thereof of the Bonds to be redeemed) plus accrued interest thereon to the date fixed for redemption:

Payment Date	Payment Price
March 1, 20__ through February 28, 20__	%
March 1, 20__ through February 28, 20__	
March 1, 20__ and thereafter	

(c) Mandatory Redemption.

(i) The Series 2003A Bonds with a maturity date of March 1, 20__, are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such

dates, at a redemption price equal to the sum of the principal amount of such Series 2003A Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

<u>Maturity (March 1)</u>	<u>Principal Component of Installment Payment</u>
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(ii) The Series 2003A Bonds with a maturity date of March 1, 20__ are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such dates, at a redemption price equal to the sum of the principal amount of such Series 2003A Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

<u>Maturity (March 1)</u>	<u>Principal Component of Installment Payment</u>
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SECTION 4.02. Selection of Series 2003A Bonds for Redemption. Whenever less than all the Outstanding Series 2003A Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the Series 2003A Bonds of such maturity to be redeemed in whole or in part from the Outstanding Series 2003A Bonds of such maturity by lot, and the Trustee shall promptly notify the Authority and the District in writing of the numbers of the Series 2003A Bonds so selected for redemption in whole or in part on such date.

SECTION 4.03. Notice of Redemption. Notice of redemption shall be given by mail in accordance with Section 11.07 to the respective Owners of any Bonds designated for redemption in whole or in part prior to their redemption date and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities and exchange commission or brokerage board or otherwise as may be determined by it in its sole discretion. Each notice of redemption shall state the date of notice, the redemption date, the redemption place (including the name and address of the Trustee) and the redemption price, shall designate the maturities, CUSIP numbers, if any, and, if less than all Bonds maturing on any one

date are to be redeemed, the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, shall (in the case of any Bond called for redemption in part only) state the part of the principal amount thereof which is to be redeemed, and shall state that the interest on the Bonds or parts thereof designated for redemption shall cease to accrue from and after such redemption date and that on such redemption date there will become due and payable on each of the Bonds or parts thereof designated for redemption the redemption price evidenced and represented thereby.

The Trustee shall give notice of redemption of any Bonds or parts thereof to be redeemed pursuant to this Indenture upon receipt of a Request of the District (which request shall be given to the Trustee at least thirty (30) days and no more than sixty (60) days prior to the date fixed for redemption).

SECTION 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Bond or Bonds representing the unredeemed principal amount of the Bond so surrendered.

SECTION 4.05. Effect of Redemption. If notice of redemption has been duly given to the Owners as aforesaid and money for the payment of the redemption price of the Bonds or parts thereof to be redeemed is held by the Trustee, then on the redemption date designated in such notice the Bonds or such parts thereof so called for redemption shall become payable at the redemption price thereof as specified in such notice; and from and after the date so designated interest on the Bonds or such parts thereof so called for redemption shall cease to accrue, such Bonds or such parts thereof shall cease to be entitled to such benefit, protection or security hereunder and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price of the Bonds or such parts to be redeemed. The Trustee shall, upon surrender for redemption of any of the Bonds to be redeemed in whole or in part on their redemption dates, pay such Bonds or such parts thereof at the redemption price thereof.

All Bonds paid pursuant hereto shall be cancelled by the Trustee and shall not be redelivered.

ARTICLE V

INSTALLMENT PAYMENTS

SECTION 5.01. Assignment of Installment Payments. The Authority hereby assigns to the Trustee for the benefit of the owners of the Bonds, without recourse, all its right, title and interest in the Installment Purchase Agreement, including (i) all its rights to receive the Installment Payments and all other payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement, (ii) the right to take all actions and give all consents under the Installment Purchase Agreement, (iii) the right of access more particularly described in the Installment Purchase Agreement and (iv) all right, title and interest of the Authority in the funds and accounts (and the money and other property held therein) established pursuant to the Indenture or the Installment Purchase Agreement; provided, however, that the Authority shall retain the rights to indemnification and to payment of Additional Payments under

the Installment Purchase Agreement. The assignment hereunder is to the Trustee solely in its capacity as Trustee hereunder and is subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII hereof. The Trustee is not responsible for any representations, warranties or covenants of the Authority under the Installment Purchase Agreement.

All Installment Payments shall be paid directly by the District to the Trustee and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one Business Day after the receipt thereof. All Installment Payments received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Installment Payment Fund, which fund the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit of the District until deposited in the funds provided in Section 5.02, whereupon such money shall be held in trust in such funds by the Trustee for the benefit of the Owners. The District and the Authority hereby pledge and grant a lien on and a security interest in the Installment Payment Fund to the Trustee for the benefit of the Owners.

SECTION 5.02. Deposit of Money in the Installment Payment Fund. The Trustee shall deposit the money contained in the Installment Payment Fund at the following respective times in the following respective funds in the manner and in the priority hereinafter provided, each of which funds the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding, and the money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized; provided, that any amounts in the Installment Payment Fund not required to pay the principal of and interest on the Bonds shall be transferred on the Business Day immediately following each Interest Payment Date, if the District so directs, to the Rebate Fund, and after the above deposits are completed, to the District for use by the District for any lawful purpose:

(a) Interest Fund. The Trustee, on each Interest Payment Date (commencing on September 1, 2003), shall deposit in the Interest Fund that amount of money representing the portion of the Installment Payments constituting the interest components becoming due and payable to but not including such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds to but not including their respective Interest Payment Dates.

(b) Principal Fund. The Trustee, on each maturity date (commencing on March 1, 2004), shall deposit in the Principal Fund that amount of money representing the portion of the Installment Payments constituting the principal components becoming due and payable on such maturity date. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on their respective maturities.

(c) Redemption Fund. The Trustee, at the time that any redemption is paid to the Trustee pursuant to the Installment Purchase Agreement, shall deposit in the Redemption Fund the amount of such redemption. All money in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal and any applicable premium evidenced and represented by the Bonds to be redeemed on their respective redemption dates.

ARTICLE VI

COVENANTS

SECTION 6.01. Compliance with Indenture. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions hereof; and neither the Authority nor the District will suffer or permit any default by them to occur hereunder, but each will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.

SECTION 6.02. Compliance with or Amendment of Installment Purchase Agreement. The Authority and the District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by them, and will enforce the Installment Purchase Agreement against the other party thereto in accordance with its terms.

The Authority and the District will not alter, amend or modify the Installment Purchase Agreement without the prior written consent of the Trustee. The Trustee shall give such consent only (i) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power therein reserved to the District, (ii) to cure, correct or supplement any ambiguous or defective provision contained therein, (iii) to resolve questions arising thereunder as the parties thereto may deem necessary or desirable and which do not adversely affect the interests of the Owners of the Bonds, (iv) to modify the description of the Project to reflect accurately the Project as it may be amended in accordance with Section 3.02 of the Installment Purchase Agreement, or (v) if the Trustee first obtains the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding to such alterations, amendments or modifications; provided, that no such alteration, amendment or modification shall extend an Interest Payment Date, reduce the rate of interest represented by a Bond, extend the time of payment of the principal of or interest on a Bond or reduce the amount of principal of a Bond without the prior written consent of the Owner of any Bond so affected, nor shall any such alteration, amendment or modification reduce the percentage of Owners whose consent is required for the execution of any alteration, amendment or supplement.

Any supplement, amendment or modification entered into pursuant to clause (iii) of the immediately preceding paragraph shall not, for purposes of this Section 6.02, be deemed to adversely affect the interest of the Owners so long as (i) all Bonds are insured by a bond insurance policy, (ii) the Bond Insurers shall have given its written consent to such supplement, amendment or modification, and (iii) the Bond Insurers shall at the time of such consent be rated in the highest rating category by S&P and Moody's.

SECTION 6.03. Observance of Laws and Relations. The Authority, the District and the Trustee will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such

franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

SECTION 6.04. Tax Covenants.

(a) The Authority and the District hereby covenant with the holders of the Bonds that, notwithstanding any other provisions of this Indenture, they shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Authority and the District shall not, directly or indirectly, use or permit the use of proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) The Authority and the District shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, or any other funds of the Authority or the District, that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Bonds are outstanding, the Authority and the District, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"), to the extent such requirements are, at the time, applicable and in effect. The Authority and the District shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Bonds as "governmental bonds."

(c) The Authority and the District shall not, directly or indirectly, use or permit the use of any proceeds of any Bonds, or of any property financed or refinanced thereby, or other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Authority and the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Bonds.

(d) The Authority and the District shall not make any use of the proceeds of the Bonds or any other funds of the Authority, or take or omit to take any other action, that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) In furtherance of the foregoing tax covenants of this Section 6.04, the Authority and the District covenant that they will each comply with the provisions of the Series 2003A Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Bonds.

(f) The Trustee shall establish a special fund designated the "Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under this Indenture and shall be governed by this Section 6.04 and by the Series 2003A Tax Certificate. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the District, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the District with the Rebate Requirement.

(g) Within 45 days of the end of each Bond Year (as such term is defined in the Series 2003A Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the District's written direction, the Trustee shall deposit to the Rebate Fund from deposits from the District, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(h) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with subsection (g) of this Section if the amount on deposit in the Rebate Fund prior to the deposit required to be made under subsections (g) and (i) of this Section equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (n) of this Section.

(i) The District shall not be required to calculate the "rebate amount," and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with subsection (g) of this Section, with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the Authority under Section 148(f)(4)(C)(vii) of the Code to pay a 1 ½% penalty in lieu of an arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with subsection (g) of this Section.

(j) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in clause (2) of subsection (k) of this Section 6.04, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the District.

(k) Upon the Authority's or the District's written direction, but subject to the exceptions contained in subsection (i) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund, (1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and (2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(l) Each payment required to be made pursuant to subsection (k) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by or on behalf of the Authority and provided to the Trustee.

(m) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the District equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(n) In the event that immediately following the calculation required by subsection (g) of this Section, but prior to any deposit made under said subsections, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from the District, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Installment Payment Fund.

(o) The Authority and the District shall retain records of all determinations made hereunder until six years after the complete retirement of the Bonds.

(p) Notwithstanding anything in this Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

(q) Notwithstanding any provision of this section or of Article IX, if the District shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the Trustee and the District may conclusively rely on such opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.05. Other Liens. The District will keep the Property and all parts thereof free from judgments and liens and free from all claims, demands or encumbrances of whatever nature or character, and free from any claim or liability which might interfere with the District in utilizing the Property or any portion thereof. The District will notify the Trustee within five (5)

Business Days of receipt by the District of notice of any lien, claim or liability encompassed by this section. The Trustee at its option (after first giving the District ten (10) Business Days' written notice to comply therewith and failure of the District to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided that in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the District from liability for or on account of its failure to observe or perform any of the agreements, conditions, covenants or terms contained herein required to be observed or performed by it, or from its liability hereunder to defend the validity hereof and to observe and perform all such agreements, conditions, covenants and terms.

So long as any Bonds are Outstanding, the District will not create or suffer to be created any pledge of or lien on the Installment Payments other than the pledge and lien hereof.

SECTION 6.06. Prosecution and Defense of Suits. The District will promptly, upon request of the Trustee, the Authority or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

The District will defend against every action, suit or other proceeding at any time brought against the Trustee, the Authority or any Owner upon any claim arising out of the receipt, deposit or disbursement of any of the Installment Payments or involving any rights or obligations of the Trustee or any Owner hereunder; provided, that the Trustee, the Authority or any Owner at its or his election may appear in and defend any such action, suit or other proceeding. The District will indemnify and hold harmless the Trustee, the Authority and the Owners against any and all liability claimed or asserted by any person arising out of any such receipt, deposit or disbursement, and will indemnify and hold harmless the Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation or otherwise in connection with the foregoing to which any of them may become a party in order to enforce their rights hereunder or under the Bonds; provided, that such litigation shall be concluded favorably to such Owners' contentions therein.

SECTION 6.07. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with trust accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Installment Payments and the proceeds of the Bonds. Such records shall be open to inspection by any Owner at any reasonable time during regular business hours on reasonable notice. Not later than the fifteenth (15th) day of each October, commencing on October 15, 2003, and continuing so long as any Bonds are Outstanding, the Trustee will furnish to the Authority and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the funds held hereunder for the preceding fiscal year. In addition, the Trustee

shall provide the District with a monthly accounting of the funds and accounts held hereunder, including all unclaimed moneys for payments of principal and interest with respect to the Bonds.

SECTION 6.08. Recordation and Filing. The District will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Installment Payments under and pursuant to the Indenture, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the rights of the Trustee hereunder, and the District will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Installment Payments as provided herein.

SECTION 6.09. Continuing Disclosure. The District and the Trustee hereby covenant and agree that it will comply with and carry out all of the provisions of the Series 2003A Continuing Disclosure Agreement applicable to such party. Notwithstanding any other provision of the Indenture, failure of the District or the Trustee to comply with the Series 2003A Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (or at the written request of any Participating Underwriter (as defined in the Series 2003A Continuing Disclosure Agreement) or the Owners of at least 25% aggregate principal amount of Outstanding Series 2003A Bonds, shall, but only to the extent indemnified from any liability or expense, including fees and expenses of its attorneys) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Trustee, as the case may be, to comply with its obligations under this Section and under the Series 2003A Continuing Disclosure Agreement. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2003A Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

SECTION 6.10. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Authority and the District will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Action on Default. If any Event of Default (as that term is defined in Section 7.01 of the Installment Purchase Agreement) shall happen, then such Event of Default shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to

the District and to the Authority, to exercise the remedies provided to the Authority in the Installment Purchase Agreement; provided, that nothing contained herein shall affect or impair the right of action of any Owner to institute suit directly against the Authority to enforce payment of the obligation under such Owner's Bond.

SECTION 7.02. Other Remedies of the Trustee. Upon the occurrence and during the continuance of any Event of Default under this Indenture, the Trustee, at its option, may take such action as it deems necessary or appropriate including, without limitation, any of the following remedial steps:

(a) Declare all principal of and interest on the Bonds to be due and payable immediately.

(b) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Authority's or the District's performance hereunder.

(c) Take any action at law or in equity to collect the payments required hereunder then due, for damages or for specific performance or otherwise to enforce performance and observance of any obligations, agreement or covenant of the Authority or the District hereunder.

Any such action by the Trustee, however, is subject to the condition that if, at any time after such action and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all principal or and interest on the Bonds, the payment of which is overdue, with interest on such overdue principal at the rate borne by the Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee with respect to the Bonds (other than in the payment of the principal and interest due and payable solely by reason of such action) shall have been made good or cured to the satisfaction of the Trustee or provisions deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Authority may, rescind and annul such action and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03. Non-Waiver. A waiver of any default hereunder or breach of any obligation by the Trustee hereunder or by the Authority under the Installment Purchase Agreement shall not affect any subsequent default hereunder or any subsequent breach of an obligation by the Trustee hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation by the Trustee hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the District or the Authority, the Trustee,

the District and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.04. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this article or of Article VII of the Installment Purchase Agreement shall be deposited in a segregated account in the Installment Payment Fund and shall be applied by the Trustee (after payment of all amounts due and payable under Section 8.03) in the following order and upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid —

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, accountants and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest on the Bonds then due, and, if the amount available shall not be sufficient to pay in full any payment or payments of interest coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether on the maturity date or by call for redemption, in the order of their due dates, with interest on the overdue principal of and interest on the Bonds to be paid at a rate equal to the rate or rates of interest then applicable to the Bonds if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Bonds on any date, together with such interest, then to the payment thereof, ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.05. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

SECTION 7.06. No Liability by the Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by the District, or with respect to the observance or performance by the District of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source of income other than the Installment Payments as provided herein for the payment of the principal, premium, if any, or interest on the Bonds or for the performance of any agreements or covenants herein and in the

Installment Purchase Agreement contained. The Authority may, however, advance funds for any such purpose without incurring an indebtedness.

The Bonds are special limited obligations of the Authority and principal, premium, if any, and interest thereon are payable solely from the Installment Payments as provided herein, and the Authority is not obligated to pay such principal, premium or interest except from the Installment Payments. The Bonds are equally secured by a pledge of and charge and lien upon the Installment Payments, and the Installment Payments constitute a trust fund for the security and payment of the principal, premium, if any, or interest on the Bonds, as provided herein.

SECTION 7.07. No Liability by the District to the Owners. Except for the payment when due of the Installment Payments and the observance and performance of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, the District shall not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the Installment Payments by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 7.08. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by the District, or with respect to the observance or performance by the District of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed and performed by it.

SECTION 7.09. Bond Insurers to Act Instead of Owners. Notwithstanding any other provision hereof, each Bond Insurer shall be deemed the Owner of the Bonds insured by the municipal bond insurance policy issued thereby for purposes of any provisions in this Indenture or the Installment Purchase Agreement requiring the consent or approval of the Owners of the Bonds with respect to rights of such Owners other than the right to receive payment of principal and interest under the Indenture, but only for so long as such Bond Insurer is in compliance with such municipal bond insurance policy, and if such Bond Insurer is in default under such municipal bond insurance policy, such Bond Insurer shall not have any rights granted to such Bond Insurer under this Indenture or under the Installment Purchase Agreement.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Employment and Duties of the Trustee. The District and the Authority hereby appoint and employ the Trustee to receive, deposit and disburse the Installment Payments as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Bonds as provided herein, to pay the interest on and principal of the Bonds to the Owners thereof as provided herein and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Indenture, the Trustee undertakes to perform such obligations (and only such obligations) as are

specifically set forth herein, and no implied covenants or obligations shall be read herein against the Trustee.

SECTION 8.02. Removal and Resignation of the Trustee. The District and the Authority may at any time, provided that an Event of Default has not occurred and is continuing, remove the Trustee initially a party hereto and any successor thereto by giving written notice of such removal to the Trustee and by giving notice by mail in accordance with Section 11.07 of such removal to all Owners of Bonds, and the Trustee initially a party hereto and any successor thereto may at any time resign by giving written notice of such resignation to the District and the Authority and by giving notice by mail in accordance with Section 11.07 of such resignation to all Owners of Bonds. Upon giving any such notice of removal or upon receiving any such notice of resignation, the District and the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, that in the event the District and the Authority do not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank or trust company doing business and having a principal corporate trust office in Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and subject to supervision or examination by state or national authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business; provided that such company shall be eligible under this section and then such company shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee.

SECTION 8.03. Compensation and Indemnification of the Trustee. The District shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including, but not limited to, advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder or under the Installment Purchase Agreement, except that upon an Event of Default the Trustee shall have a prior lien on all moneys received by the Trustee as provided in Section 7.05, and the Trustee may take whatever legal actions are available to it directly against the District to recover such compensation or reimbursement.

To the extent permitted by law, the District does hereby assume liability for, and agree to defend, indemnify, protect, save and keep harmless, the Trustee and its directors, officers and employees and its successors and assigns from and against any and all liabilities, obligations, losses, damages (including consequential damages incurred by others), taxes and impositions, penalties, fines, claims, actions, suits, costs and expenses and disbursements (including legal fees and expenses) of whatsoever kind and nature imposed in, asserted against or incurred or suffered by the Trustee or its directors, officers or employees or its successors and assigns in any way relating to or arising out of (i) the condition, management, maintenance or use of or from any work done in connection with the Property by the District, (ii) any act of negligence of the District or of any of its agents, contractors, directors, employees, invitees, licensees or officers in connection with the Property, (iii) the authorization of the payment of any costs or expenses of the acquisition, design, construction, improvement and installation of the Project, or (iv) the exercise of any rights or obligations of the Trustee hereunder; provided that no indemnification will be made for willful misconduct or negligence hereunder by the Trustee.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and indemnified as stated herein by the District and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Installment Purchase Agreement or of the assignment made to it here of all rights to receive the Installment Payments under the Installment Purchase Agreement, or of the title or value of the Property, and shall not be deemed to have knowledge of any Event of Default (as that term is defined in Section 7.01 of the Installment Purchase Agreement) unless and until it shall have actual knowledge thereof or have received written notice thereof at its principal corporate trust office. All recitals, warranties or representations contained therein are statements of the District, and the Trustee assumes no responsibility for their correctness, and the Trustee shall not be accountable for the use or application by the District, or any other party, of any funds which the Trustee properly releases to the District or which the District may otherwise receive from time to time.

The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Indenture, any Bond, or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in the Indenture), or with respect to any obligation of the District or the Authority or for the sufficiency of any insurance on the Property.

Whenever in the observance or performance of its rights and obligations hereunder or under the Bonds the Trustee shall deem it necessary or desirable that a matter be proved or

established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certification of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District or the Authority, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the District or the Authority as freely as if it were not the Trustee hereunder.

The Trustee shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, and before taking any action hereunder the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it from all liability thereunder.

The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be liable with respect to any action taken or not taken by it in accordance with the direction of the Owners of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds at the time Outstanding relating to the exercise of any right or remedy available to the Trustee hereunder or under the Installment Purchase Agreement or any other trust or power conferred upon the Trustee.

In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all persons, including without limitation the Owners, the District and the Authority, having any claims against the Trustee shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual or personal capacity for the obligations evidenced by the Bonds.

The Trustee shall not be deemed to have knowledge of an Event of Default unless it shall have received actual notice of such Event of Default at its Principal Corporate Trust Office.

The Trustee may exercise any of its powers or duties through attorneys, agents and receivers but shall be liable for the conduct of such attorneys, agents and receivers.

The Trustee shall not be responsible for any information in any disclosure material or any official statement or other offering document prepared in connection with the Bonds.

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 9.01. Amendment or Supplement by Consent of Owners. The Indenture and the rights and obligations of the District and the Authority and Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners (or the Bond Insurers acting in their stead pursuant to Section 7.09) of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest evidenced and represented by any Bond or extend the time of payment thereof or reduce the amount of principal evidenced and represented by any Bond or extend the maturity date thereof without the prior written consent of the Owner of the Bond so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of certain amendments hereof or supplements hereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

The Indenture and the rights and obligations of the District and the Authority and the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes --

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the District or the Authority, other agreements, conditions, covenants and terms thereafter to be observed or performed by the District or the Authority, or to surrender any right reserved herein to or conferred herein on the District or the Authority, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District or the Authority may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners;

(c) to provide for issuance of Additional Bonds pursuant to Section 9.05; or

(d) to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Bonds.

Any Supplemental Indenture entered into pursuant to this Section shall be deemed not, for purposes of this Section, to materially adversely affect the interest of the Owners so long as (x) all Bonds are insured by a bond insurance policy, (y) the Bond Insurer shall have given its written consent to such Supplemental Indenture, and (z) the Bond Insurer shall at the time of such consent be rated in the highest rating category by S&P and Moody's.

Any Supplemental Indenture entered into pursuant to this Section made solely to conform this Indenture to any final Official Statement provided to investors in connection with the initial offering of any Bonds shall be deemed not to materially adversely affect the interests of the Owners.

SECTION 9.02. Disqualified Bonds. Bonds held for the account of the District (but excluding Bonds held in any pension or retirement fund of the District) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this section.

SECTION 9.03. Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of the Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Bonds such new Bonds shall be exchanged without cost to each Owner for Bonds then Outstanding at the office of the Trustee upon surrender of such Outstanding Bonds. All Bonds surrendered to the Trustee pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 9.04. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment or supplement as to the particular Bonds owned by him; provided, that due notation thereof is made on such Bonds.

SECTION 9.05. Additional Bonds. The Authority, from time to time, may with the prior written consent of the District and shall upon the request of the District, by a Supplemental Indenture, authorize one or more series of Additional Bonds, secured by Installment Payments under the Installment Purchase Agreement, on a parity with the Outstanding Bonds. The Trustee shall authenticate the Additional Bonds of any series only upon the receipt by the Trustee of:

(a) A copy of the Supplemental Indenture authorizing such series of Additional Bonds which shall, among other provisions, specify:

- (i) the authorized principal amount (including the initial amounts for any Additional Bonds issued as capital appreciation bonds), designation and series of such Additional Bonds;
 - (ii) the purpose for which such Additional Bonds are to be issued;
 - (iii) the maturity date or dates of such Additional Bonds, provided that such maturity date or dates shall fall on a March 1.
 - (iv) the interest payment dates (which shall fall on an Interest Payment Date) for and the interest rate or rates or the maximum rate of interest payable with respect to the Additional Bonds of such series;
 - (v) the denominations of and the manner of dating and numbering such Additional Bonds;
 - (vi) the redemption provisions, the dates fixed for redemption and redemption prices for such Additional Bonds;
 - (vii) the form of such Additional Bonds;
 - (viii) the establishment of and provisions concerning additional accounts and subaccounts, if necessary or desirable, held by the Trustee under this Indenture to provide for the payment of principal of, premium, if any, and interest on such Additional Bonds;
 - (ix) the establishment of and provisions concerning additional accounts and subaccounts, if necessary or desirable, held by the Trustee hereunder so that such Additional Bonds are secured by a reserve requirement, if any; and
 - (x) the establishment of and provisions concerning such other funds, accounts and subaccounts as the Authority shall deem necessary or desirable for such Additional Bonds.
- (b) A duly executed copy of an amendment or supplement to the Installment Purchase Agreement such that the Installment Payments payable under the Installment Purchase Agreement, as amended and supplemented, is sufficient to pay all principal of and interest on the Outstanding Bonds and Additional Bonds. If appropriate, such amendment or amendments shall contain any modifications necessary add to the Property and the Project, financed with the proceed of such Additional Bonds.
- (c) An Opinion of Counsel substantially to the effect that (i) the Supplemental Indenture and any amendments to the Installment Purchase Agreement executed in connection therewith are authorized or permitted by the Constitution and laws of the State and this Indenture and have been duly and validly authorized, executed and delivered by the Authority and the District and constitute the legally valid and binding obligations of the Authority and the District enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and subject to such other exceptions as are acceptable to the

Trustee, and (ii) the execution and delivery of such Additional Bonds will not in and of itself adversely affect the exclusion for federal income tax purposes of interest on any Bonds previously issued, the interest on which is exempt from taxation at issuance.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Bonds and Indenture.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest on and principal of the Bonds at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Installment Payments as provided herein, and all agreements and covenants of the Authority to such Owners hereunder shall thereupon cease, terminate and become void and shall be completely discharged and satisfied.

(b) Any Outstanding Bonds in integral multiples of \$5,000 shall on their maturity dates or their dates of redemption prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money held in trust for the benefit of the Owners of such Bonds which is sufficient to pay the interest, redemption premiums, if any, and principal of such Bonds payable on such maturity dates or dates of redemption prior thereto.

Any Outstanding Bonds in integral multiples of \$5,000 shall prior to their maturity dates or their dates of redemption prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity dates, the District shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.07 to the Owners of such Bonds of the redemption of such Bonds on such redemption dates, (2) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities which are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient to pay when due the interest on such Bonds on and prior to their maturity dates or their dates of redemption prior thereto, as the case may be, and the principal on such Bonds, and the redemption premiums, if applicable, on such Bonds as verified by an independent accountant, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the District shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.07 to the Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating their maturity dates or their dates of redemption prior thereto upon which money is to be available for the payment of the interest on and principal of such Bonds, and (4) an opinion of nationally recognized bond counsel is filed with the Trustee and the applicable Bond Insurer to the effect that the action taken pursuant to this subsection (b) will not in and of themselves cause the interest paid on the Bonds to be includable in gross

income for federal income tax purposes and that the Bonds to be discharged are no longer Outstanding.

(c) After the payment of the interest, redemption premiums, if any, and principal on all Outstanding Bonds as provided in this section and payment of the fees and expenses of the Trustee, the Trustee, upon request of the District, shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and the Authority and shall execute and deliver to the District and the Authority all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction of the Indenture, as the case may be, and in the event of a total discharge and satisfaction of the Indenture the Trustee shall pay over or deliver to the District all money or Permitted Investments held by it pursuant hereto which are not required for the payment of the interest, redemption premiums, if any, and principal on such Bonds which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Bonds.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of any Bonds which remains unclaimed for two (2) years after the date when the payments on such Bonds have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest on and principal of such Bonds have become payable, shall be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest on and principal of such Bonds; provided that before being required to make any such payment to the District, the Trustee shall, at the expense of the District, give notice by mail in accordance with Section 11.07 to Owners of Bonds with respect to which moneys remain unclaimed that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Authority, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.02. Successor Deemed Included in All References to Predecessor. Whenever either the District or the Authority or the Trustee or any officer, director or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Authority or the Trustee or such officer, director or employee, and all agreements, conditions, covenants and

terms contained herein required to be observed or performed by or on behalf of the District, the Authority, or the Trustee or any officer, director or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the District or the Authority or the Trustee in good faith and in accordance therewith.

SECTION 11.04. Waiver of Personal Liability. No officer, director or employee of the District shall be individually or personally liable for the payment of the interest on or principal of the Bonds, but nothing contained herein shall relieve any officer, director or employee of the District from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

SECTION 11.05. Acquisition of Bonds by District. Except as provided by Section 9.02, all Bonds acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.06. Content of Certificates. Every certificate with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such a agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any certificate may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an

officer or officers of the District unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 11.07. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 11.08. Accounts and Funds. Any account or fund required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.09. Investments. Any money held by the Trustee in any of the accounts or funds provided herein shall be invested as directed in writing by the District in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may, for the purpose of any such deposit or investment, commingle any of the money held by it hereunder (except for money held in the Rebate Fund). The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments (except for interest or profits earned on deposits and investments held in the Rebate Fund) received by the Trustee shall be deposited in the Installment Payment Fund semiannually on the fifth (5th) Business Day preceding each Interest Payment Date; provided that prior to completion of the Project all investment earnings on amounts in the Construction Fund shall be deposited into the Construction Fund.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which will include details of all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may provide administrative, advisory or other services in connection with any Permitted Investment.

SECTION 11.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections; subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause thereof.

SECTION 11.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the District or the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The District, the Authority and the Trustee hereby declare that they would have executed and entered into the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.12. California Law. The Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.13. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:

BNY Western Trust Company
700 South Flower Street, 5th Floor
Los Angeles, California 90017
Attention: Corporate Trust Department

If to the Authority:

Los Angeles County Public Works Financing Authority
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector

If to the District:

Los Angeles County Flood Control District
900 South Fremont
Alhambra, California 91803
Attention: Director of Public Works, Finance

With copies to:

Deputy Director of Public Works, Finance
Assistant Deputy Director of Public Works, Finance

If to the Series 2003A Bond Insurer:

[INSURER]

Notwithstanding any other provision hereof, all written notices required to be delivered by the Authority to the Trustee shall also be delivered to the Bond Insurers.

SECTION 11.14. Series 2003A Bond Insurer Provisions.

(a) In the event that, on the second Business Date, and again on the Business Date, prior to any Interest Payment Date or maturity date with respect to the Series 2003A Bonds, the Trustee has not received sufficient moneys to pay all principal amounts of and interest on the Series 2003A Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Series 2003A Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Series 2003A Bond Insurer or its designee.

(c) In addition, if the Trustee has notice that any Owner has been required to disgorge payments of principal or interest on the Series 2003A Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Series 2003A Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Series 2003A Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2003A Bonds, the Trustee shall (a) execute and deliver to State Street Bank and Trust Company, N.A., in New York, N.Y., or its successors under the Series 2003A Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Series 2003A Bond Insurer as agent for such Owners in any legal proceeding related to the payment of such interest and

an assignment to the Series 2003A Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2003A Bond Insurer, (b) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2003A Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Owners; and

(ii) If and to the extent of a deficiency in amounts required to pay the principal of the Series 2003A Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Series 2003A Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment to the Series 2003A Bond Insurer of any of the Series 2003A Bonds surrendered to the Insurance Paying Agent of so much of the principal as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Series 2003A Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Owners.

(e) Payments with respect to claims for interest on or principal of the Series 2003A Bonds disbursed by the Trustee from proceeds of the Series 2003A Bond Insurance Policy shall not be considered to discharge the obligation of the District with respect to such Series 2003A Bonds, and the Series 2003A Bond Insurer shall become the owner of such unpaid Series 2003A Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this Section or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Authority, the District and the Trustee hereby agree for the benefit of the Series 2003A Bond Insurer that:

(i) They recognize that to the extent the Series 2003A Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of the principal of or interest on Series 2003A Bonds, the Series 2003A Bond Insurer will be subrogated to the rights of such Owners to receive the amount of such interest or principal from or on behalf of the Authority, with interest thereon as provided and solely from the sources stated in this Indenture and the Series 2003A Bonds; and

(ii) They will accordingly pay to the Series 2003A Bond Insurer the amount of such principal of and interest on Series 2003A Bonds (including interest and principal paid by the Series 2003A Bond Insurer as a result of a recovery of principal or interest under subparagraph (ii) of the first paragraph of the Series 2003A Bond Insurance Policy, which interest and principal shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Series 2003A Bonds, but only from the sources and in the manner provided herein for the payment of interest and principal of the Series 2003A Bonds to Owners, and will otherwise treat the Series 2003A Bond Insurer as the owner of such rights to the amount of such interest and principal.

(g) In connection with the issuance of Additional Bonds, the District shall deliver to the Series 2003A Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(h) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2003A Bonds which are consented to by the Series 2003A Bond Insurer shall be sent by the Trustee to S&P.

(i) The Series 2003A Bond Insurer shall receive prior written notice of the resignation of the Trustee and the prior written consent of the Series 2003A Bond Insurer shall be required in connection with any removal of the Trustee and any appointment of a successor thereto.

(j) The Series 2003A Bond Insurer shall receive copies of all notices, certificates and opinions required to be delivered to the Owners of the Series 2003A Bonds and to any other party from the party required to deliver such notices, certificates and opinion and, on an annual basis, copies of the District's audited financial statements and the annual budget.

(k) Any notice that is required to be given to a holder of the Series 2003A Bonds or to the Trustee pursuant to this Indenture shall also be provided to the Series 2003A Bond Insurer in writing and shall be sent by registered or certified mail to the address specified in Section 11.13 hereof.

(l) The District agrees to reimburse the Series 2003A Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorney's fees and expenses, incurred by the Series 2003A Bond Insurer in connection with (i) the enforcement by the Series 2003A Bond Insurer of the Authority's or the District's obligations, or the preservation or defense of any rights of the Series 2003A Bond Insurer, under this Indenture and any other document executed in connection with the issuance of the Series 2003A Bond, and (ii) any consent, amendment, waiver or other action with respect this Indenture or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Series 2003A Bond Insurer reserves the right to change a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

SECTION 11.15. Execution in Counterparts. The Indenture may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 11.16. Effective Date. The Indenture shall become effective upon its execution and delivery.

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Indenture by their officers thereunto duly authorized as of the day and year first above written.

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair

ATTEST:
Secretary

By _____
Deputy Secretary

LOS ANGELES COUNTY FLOOD CONTROL
DISTRICT

By _____
Chair

ATTEST:
VIOLET VARONA-LUKENS
Executive Officer – Clerk of the Board

By _____
Deputy

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Officer

EXHIBIT A

[FORM OF SERIES 2003A BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Los Angeles County Public Works Financing Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

R-_____

\$_____

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
REFUNDING REVENUE BONDS
(LOS ANGELES COUNTY FLOOD CONTROL DISTRICT) SERIES 2003

DATED DATE	MATURITY	INTEREST RATE	CUSIP
_____, 2003	March 1, 20__	_____%	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers authority and a public entity of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Installment Payments and the other amounts pledged therefor under the Indenture (as hereinafter defined)) to the registered owner (the "Owner") identified above or registered assigns, on the maturity date set forth above, the principal amount set forth above and to pay (but only out of the Installment Payments and the other funds pledged therefor under the Indenture) interest on the balance of said principal amount from time to time remaining unpaid until payment of said principal amount has been made or duly provided for on the due date thereof, at the rates and on the dates determined as described herein and in the Indenture, except as the provisions hereinafter set forth with respect to redemption or acceleration prior to maturity may become applicable hereto. Capitalized terms used but not defined herein shall have the meanings set forth ascribed to such terms in the Indenture.

The registered Owner of this Bond is entitled to receive, subject to the terms of the Indenture and any right of redemption prior thereto hereinafter provided for, on the maturity date set forth above, upon surrender of this Bond on such maturity date or on the date of redemption prior thereto at the office of the Trustee, the principal sum set forth above, and to receive interest on such principal at the rate per annum specified above on each March 1 and September 1, commencing September 1, 2003 (the "Interest Payment Dates"). The registered owner of this Bond as shown in the registration books maintained by the Trustee on the Record Date next preceding each Interest Payment Date is entitled to receive such registered owner's accrued interest from the Interest Payment Date next preceding the date of authentication hereof by the Trustee (unless such date of authentication is on or after the sixteenth (16th) day of the month next preceding an Interest Payment Date, in which case from such Interest Payment Date, or unless such date of execution is on or prior to August 15, 2003, in which case from _____, 2003) to such maturity date or the date of redemption prior thereto, whichever is earlier, by check mailed by first class mail on such dates to such registered owner (except that in the case of a registered owner of one million dollars (\$1,000,000) or greater in principal amount of outstanding Bonds, such payment may, at such registered owner's written request, be made by wire transfer of immediately available funds in accordance with instructions provided by such registered owner). All such amounts are payable in lawful money of the United States of America.

This Bond is one of the duly authorized Los Angeles County Public Works Financing Authority Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A in the initial aggregate principal amount of \$_____ (the "Series 2003A Bonds") which have been issued under and pursuant to the terms of an Indenture (the "Indenture") dated as of January 1, 2003, by and among the Trustee, the Authority and the Los Angeles County Flood Control District (the "District"). The Series 2003A Bonds and any Additional Bonds issued pursuant to the Indenture are referred to herein as the "Bonds." Copies of the Indenture are on file at the office of the Trustee, and reference is hereby made to the Indenture and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are issued thereunder.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended or supplemented by the parties thereto, but no such amendment or supplement shall (1) reduce the rate of interest borne hereby or extend the time of payment thereof or reduce the amount of principal amount hereof or extend the maturity date hereof without the prior written consent of the registered owner hereof, or (2) reduce the percentage of registered Owners of Bonds whose consent is required for the execution of certain amendments of or supplements to the Indenture, or (3) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Series 2003A Bonds are authorized to be issued in the form of fully registered Bonds in denominations of \$5,000 or any integral multiple thereof.

This Series 2003A Bond is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender of this Series 2003A Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Series 2003A Bond or Series 2003A Bonds of authorized denominations of the same maturity date equal to the principal amount hereof will be authenticated and delivered by the Trustee to the registered owner thereof in exchange or transfer herefor. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Series 2003A Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of this Series 2003A Bond shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability under this Series 2003A Bond to the extent of the sum or sums so paid.

The Bonds are subject to redemption prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity date in integral multiples of five thousand dollars (\$5,000) in such order of maturity as shall be selected by the District on any date, from payments made by the District from the Net Proceeds (as that term is defined in the Indenture) or any award under eminent domain proceedings with respect to the Property (as that term is defined in the Indenture) or from proceeds of any insurance, including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture, at a redemption price equal to the sum of the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

The Series 2003A Bonds with a maturity date on or after March 1, 20__, are subject to optional redemption by the District prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity date in integral multiples of \$5,000 in such order of maturity as shall be selected by the District and designated in writing to the Trustee on any date on or after March 1, 20__, from any source of available funds, at the following redemption prices (computed upon the principal amount of the Series 2003A Bonds to be redeemed) plus accrued interest thereon to the date fixed for redemption:

Payment Date	Payment Price
March 1, 20__ through February 28, 20__	____ %
March 1, 20__ through February 28, 20__	
March 1, 20__ and thereafter	

The Series 2003A Bonds with a maturity date of March 1, 20__, are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such dates, at a redemption price equal to the sum of the principal amount of such Series 2003A Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

Maturity (March 1)	Principal Component of Installment Payment
-----------------------	---

The Series 2003A Bonds with a maturity date of March 1, 20__, are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such dates, at a redemption price equal to the sum of the principal amount of such Series 2003A Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

Maturity (March 1)	Principal Component of Installment Payment
-----------------------	---

As provided in the Indenture, notice of redemption hereof or of any part hereof shall be mailed, first class postage prepaid, not less than thirty (30) nor more than sixty (60) days before the redemption date, to the registered owner of this Bond at the address which appears in the registration books maintained by the Trustee, and to those securities depositories and securities information services selected by the District in accordance with the Indenture; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings for the redemption of this Bond or such part thereof. If this Bond or such part thereof is called for redemption and notice of such redemption is duly given as aforesaid and payment is duly provided therefor as specified in the Indenture, the interest thereon or by such part shall cease to accrue from and after the date fixed for such redemption.

The Bonds enjoy the benefits of a security interest in the moneys held in the accounts and funds established pursuant to the Indenture (except for moneys held in the Rebate Fund established pursuant to the Indenture), subject to the provisions of the Indenture permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligation of the District to make the Installment Payments does not constitute a debt of the District or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the District is obligated to levy any form of taxation or for which the District has levied any form of taxation.

The Trustee has no obligation or liability to the registered owners of the Bonds for the payment of the interest on or principal of the Bonds out of its own funds; but rather the Trustee's

sole obligations are those stated in the Indenture. The Authority has no obligation or liability whatsoever to the registered owners of the Bonds. The Trustee has authenticate this Bond solely in its capacity as Trustee under the Indenture and is not in its individual or personal capacity. The Trustee is not responsible for the accuracy of the recitals of fact herein.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Act and by the Constitution and statutes of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chair and attested by the manual or facsimile signature of its Secretary.

LOS ANGELES COUNTY PUBLIC
FACILITIES FINANCING AUTHORITY

By: _____
Chair

Attest:
Secretary

By: _____
Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication: _____

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Officer

STATEMENT OF INSURANCE

[to come]

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto the within Bond and do(es) hereby irrevocably constitute and appoint attorney to transfer such Bond on the register of the Trustee, with full power of substitution in the premises.

Dated:

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Social Security Number, Taxpayer
Identification Number or other Identifying
Number of Assignee:

\$ _____

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Refunding Revenue Bonds
(Los Angeles County Flood Control District) Series 2003A

BOND PURCHASE AGREEMENT

_____, 2003

Los Angeles County Public Works Financing Authority
500 West Temple Street, Room 432
Los Angeles, California 90012

Los Angeles County Flood Control District
900 South Fremont Avenue
Alhambra, California 91803

The undersigned, as representative (the "Representative") of the underwriters listed in Exhibit A hereto (the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (this "Agreement") with the Los Angeles County Public Works Financing Authority (the "Authority") and the Los Angeles County Flood Control District (the "District") for the purchase by the Underwriters of the above captioned bonds (the "Bonds"). The Authority will enter into an Installment Purchase Agreement, dated as of January 1, 2003 (the "Installment Purchase Agreement"), with the District whereby the Authority will sell certain real and personal property (the "Project") to the District and the District will agree to make installment payments thereunder. This offer is made subject to acceptance by you prior to 5:00 p.m., Los Angeles time, on the date hereof, and upon such acceptance, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both you and the Underwriters.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby jointly and severally agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters all (but not less than all) of the \$ _____ aggregate principal amount of the Bonds.

[The aggregate purchase price of the Bonds shall be \$ _____ (representing the aggregate principal amount of the Bonds, less an original issue discount and less an underwriters' discount).] The respective principal amounts, maturity dates, interest rates and prices or yields with respect to the Bonds are set forth on Exhibit B hereto.

The Bonds shall be as described in the Official Statement and shall be payable from the installment payments to be made by the District to the Authority pursuant to the Installment Purchase Agreement. The Authority will acquire all right, title and interest in and to the Project from the District pursuant to a Sale Agreement, dated as of January 1, 2003 (the "Sale Agreement"), and will sell the

Project to the District pursuant to the Installment Purchase Agreement. Pursuant to the Indenture, the Authority will assign to the Trustee, for the benefit of the owners of the Bonds, its right to receive installment payments from the District under the Installment Purchase Agreement and the right to exercise such rights and remedies as are conferred on the Authority in the Installment Purchase Agreement as may be necessary to enforce payment of installment payments when due or otherwise to protect its interest in the event of a default by the District.

Additionally, the District will enter into an Escrow Agreement, dated as of January 1, 2003 (the "Escrow Agreement"), by and among the Authority, the District and BNY Western Trust Company (the "Prior Trustee") with respect to the \$238,695,000 Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) (the "Prior Bonds").

For purposes of this Agreement, the Installment Purchase Agreement, the Sale Agreement, the Indenture, the Escrow Agreement and this Agreement are collectively referred to as the "Legal Documents." In each case, the form of such documents have been previously submitted to the Underwriters and shall be executed and delivered in such form with only such changes therein as shall be mutually agreed upon by the Authority, the District, the Trustee and the Representative.

The Underwriters agree to make a *bona fide* public offering of all the Bonds initially at the prices or yields set forth on the inside cover page of the Official Statement. After such initial public offering, the Underwriters reserve the right to change such prices or yields as they deem necessary in connection with the marketing of the Bonds.

2. Upon the Authority's and the District's acceptance of this offer, the Authority and the District shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement with respect to the Bonds, dated _____, 200_ (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"), in connection with the public offering and sale of the Bonds by the Underwriters. The Authority shall deliver to the Underwriters copies of the Official Statement in such quantities as the Underwriters shall reasonably request, dated the date hereof substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Underwriters (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Official Statement") approved for distribution by the Resolution of the Authority adopted on _____, 200_ (the "Authority Resolution" and the Resolution of the District adopted on _____, 200_ (the "District Resolution"). The Authority shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement. As used herein, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the Closing Date (as defined herein) unless the Authority and the District shall have been notified in writing to the contrary by the Underwriters on or prior to the said date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), provided, however, that the Authority and the District may treat as the End of the Underwriting Period for the Bonds as the date specified as such in a notice from the Underwriters stating the date that is the End of the Underwriting Period.

3. The Authority represents and warrants to, and covenants with, each of the Underwriters that:

(a) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "State");

(b) the Authority has full legal power and authority to issue the Bonds, enter into the Indenture, the Sale Agreement, the Installment Purchase Agreement, the Escrow Agreement and this Agreement (the "Authority Legal Documents"), to own its properties and to carry on its business as then conducted;

(c) the Authority Legal Documents have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriters;

(e) to the best of its knowledge, and except as disclosed in the Official Statement, there are no legal or governmental proceedings pending or threatened against the Authority which, if determined adversely to the Authority, would materially adversely affect the Authority's ability to issue the Bonds, or enter into or perform its obligations under the Authority Legal Documents;

(f) the execution and delivery of the Authority Legal Documents by the Authority, and performance by the Authority of its obligations thereunder, will not, in any material respect, conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Authority is a party or by which it is bound or constitute a material default thereunder;

(g) the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would materially adversely affect the Authority's ability to issue the Bonds or enter into or perform its obligations under the Authority Legal Documents, and, to the best knowledge of the Authority, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(h) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers

to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the Assignment of the Installment Payments or in any way contesting or affecting the validity or enforceability of the Bonds, the Authority Legal Documents or this Agreement or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Authority Legal Documents to be executed by the Authority or this Agreement or that could have a material adverse impact upon the ability of the Authority to perform its obligations under such documents or that in any way contesting the existence or powers of the Authority;

(i) the Authority agrees to cooperate with the Underwriters in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriters may request, except that the Authority shall not be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(j) by official action of the Authority prior to or concurrently with the execution hereof, the Authority has duly authorized the distribution of the Preliminary Official Statement and the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the Authority Legal Documents and the consummation by it or all other transactions contemplated by the Authority Legal Documents;

(k) as of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period for the Bonds, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as used herein and for the purposes of the foregoing;

(l) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriters, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall cooperate with the District in preparing and furnishing to the Underwriters (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading (except this representation does not include information relating to the MBIA Insurance Corporation (the "Insurer"), the Policy, or DTC and its book-entry only system). For the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the

Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(m) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(n) after the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters; and

(o) any certificate signed by an Authority representative and delivered to the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by the Authority to each of the Underwriters as to the truth of the statements therein made.

4. The District represents and warrants to, and covenants with, each of the Underwriters that:

(a) the District is a body corporate and politic organized and existing under the Constitution and the laws of the State;

(b) the District has full legal power and corporate authority to enter into the Sale Agreement, the Installment Purchase Agreement and the Escrow Agreement (the "District Legal Documents") and this Agreement, to own its properties and to carry on its business as then conducted;

(c) the District Legal Documents have been duly authorized, executed and delivered by the District and constitute legal, valid and binding agreement of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the District of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriters;

(e) to the best of its knowledge, and except as disclosed in the Official Statement, there are no legal or governmental proceedings pending or threatened against the District which, if determined adversely to the District, would materially adversely

affect the District's ability to enter into or perform its obligations under the District Legal Documents;

(f) the execution and delivery of the District Legal Documents by the District, and performance by the District of its obligations thereunder, will not, in any material respect, conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the District is a party or by which it is bound or constitute a material default thereunder;

(g) the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under the District Legal Documents, and, to the best knowledge of the District, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(h) to the best knowledge of the District, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the District in any material respect affecting the existence of the District or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the District Resolution or the assignment of the Installment Payments or in any way contesting or affecting the validity or enforceability of the Bonds, the District Legal Documents or this Agreement or contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the District Legal Documents to be executed by the District or this Agreement or that could have a material adverse impact upon the ability of the District to perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the District or in any way contesting the existence or powers of the District;

(i) the District agrees to cooperate with the Underwriters in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriters may request, except that the District shall not be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(j) by official action of the district prior to or concurrently with the execution hereof, the District has duly authorized the distribution of the Preliminary Official Statement and the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Legal Documents and the consummation by it of all other transactions contemplated by the District Legal Documents;

(k) as of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period for the Bonds, the Official Statement does not and will not contain any untrue statement of a material

fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(l) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriters, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District shall cooperate with the Authority in preparing and furnishing to the Underwriters (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading (except this representation does not include information relating to the Insurer, the Policy, or DTC and its book-entry only system). For the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Bonds, the District will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(m) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(n) after the Closing, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(o) any certificate signed by a District representative and delivered to the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by the District to each of the Underwriters as to the truth of the statements therein made; and

(p) the financial statements of, and other financial information regarding, the District contained in the Official Statement fairly present the financial position and results of the operations of the District as of the dates and for the periods therein set forth, and, to the best of the District's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis

substantially consistent with that of the District's audited financial statements included in the Official Statement.

5. At 8:00 a.m., California time, on January __, 2003, or at such other date and time as shall have been mutually agreed upon by the Authority, the District and the Underwriters, the Authority will issue or cause to be issued to The Depository Trust Company ("DTC") as described below, the Bonds in definitive form duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Underwriters will accept such issuance to DTC and pay the purchase price of the Bonds as set forth herein in federal or other immediately available funds. Payment for the issuance of the Bonds shall be made at the offices of Sidley Austin Brown & Wood LLP, Los Angeles, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Authority and the Underwriters. Such payment and issuance is herein called the "Closing." The Underwriters shall order a CUSIP identification number and the Authority shall cause such CUSIP identification number to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept issuance of and pay for the Bonds in accordance with the terms of this Agreement. The Bonds shall be prepared and delivered at least one business day prior to the date of Closing to the offices of, or otherwise at the direction of, DTC in the form of one certificate for each series and maturity, fully registered in the name of Cede & Co., as nominee of DTC.

6. The obligations of each of the Underwriters under this Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the Authority, the District of their covenants and agreements to be observed and performed hereunder and to the accuracy of the representations and warranties of the Authority and the District contained herein, the performance by the Trustee of its obligations under the Indenture and the receipt of the opinion of Bond Counsel, counsel to the Trustee, counsel to the Authority, counsel to the District and counsel to the Underwriters required hereby, and the other opinions, certificates and documents required hereby, in each case on and as of the date hereof and on and as of the date of Closing. The Underwriters' obligations under this Agreement are and shall be subject, at the option of the Underwriters, to the following further conditions as of the Closing;

(a) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents;

(b) at the Closing, the Representative shall receive the following documents, in each case satisfactory in form and substance to it and counsel to the Underwriters:

(1) the unqualified approving opinion of Bond Counsel in substantially the form included as Appendix F to the Official Statement, dated the date of Closing, addressed to the Authority, the District and the Underwriters (or with a separate reliance letter delivered to the Underwriters);

(2) a supplemental opinion of Bond Counsel, dated the date of the Closing, addressed to the Authority, the District and the Underwriters, to the effect that:

(i) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE," "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," "APPENDIX F – FORM OF BOND COUNSEL OPINION" and "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT" insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Sale Agreement, the Installment Purchase Agreement and the Continuing Disclosure Agreement, certain tax matters relating to the Bonds and the final approving legal opinion of Bond Counsel relating to the Bonds, are accurate in all material respects; and

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) an opinion of County Counsel, as counsel to the District, dated the date of the Closing, in form and substance satisfactory to the Representative, addressed to the District, the Authority and the Underwriters, solely with respect to State law, to the effect that:

(i) the District is a political subdivision of the State duly organized and validly existing under the Constitution and the laws of the State;

(ii) the resolution of the District approving and authorizing the execution and delivery of the District Legal Documents has been duly adopted at a meeting of the Board of Supervisors of the County, as the governing body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(iii) to the best knowledge of such counsel, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body, pending or threatened against the District, to restrain or enjoin the delivery of the Bonds or the payments under the Installment Purchase Agreement, or in any way contesting or affecting the validity of the District Legal Documents or the Bonds or contesting the powers of the District to enter into or perform its obligations under any of the District Legal Documents;

(iv) the execution and delivery of the District Legal Documents and the authorization of the Official Statement and compliance with the provisions of the District Legal Documents under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the District a breach or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing State law, regulation, court order or consent decree to which the District is subject;

(v) the District Legal Documents have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against public entities in the State;

(vi) no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of the District Legal Documents and the authorization of the Official Statement or the consummation by the District of the other transactions contemplated by the District Legal Documents (provided that no opinion need be expressed as to any action required under securities or blue sky laws of any jurisdiction in connection with the purchase or distribution of the Bonds by the Underwriters);

(vii) The District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under the District Legal Documents and, to the best knowledge of the District, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and

(viii) the preparation and distribution of the Official Statement has been duly authorized by the governing body of the District.

(4) the opinion of County Counsel, as counsel to the Authority, dated the date of the Closing, in form and substance satisfactory to the Representative, addressed to the Authority, the District and the Underwriters, solely with respect to State law, to the effect that:

(i) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State;

(ii) the Authority has full legal power and corporate authority to enter into the Authority Legal Documents, to own its properties and to carry on its business as then conducted;

(iii) the Authority Legal Documents have been duly authorized, executed and delivered by the Authority and constitute legal,

valid and binding agreements of the Authority, enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iv) no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under securities or blue sky laws of any jurisdiction in connection with the purchase and distribution of the Bonds by the Underwriters;

(v) to the best knowledge of such counsel, there are no legal or governmental proceedings pending or threatened against the Authority which, if determined adversely to the Authority, would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents;

(vi) the execution and delivery of the Authority Legal Documents by the Authority, and performance by the Authority of its obligation thereunder, will not, in any material respect, conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Authority is a party or by which it is bound or constitute a material default thereunder; and

(vii) the Authority is not in breach of or default under any applicable law or administrative regulation of the State of any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would, materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents, and, to the best knowledge of the Authority, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default.

(5) the opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriters, to the effect that:

(i) the Trustee is a banking corporation, duly organized and validly existing under the laws of the State, having full power and being qualified to enter into and perform the Indenture; and

(ii) the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights

generally and by the application of equitable principles if equitable remedies are sought.

(6) the opinion of counsel to the Prior Trustee, dated the date of the Closing, addressed to the Underwriters, to the effect that:

(i) the Prior Trustee is a banking corporation, duly organized and validly existing under the laws of the State, having full power and being qualified to enter into and perform the Escrow Agreement; and

(ii) the Escrow Agreement has been duly authorized, executed and delivered by the Prior Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Prior Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(7) an opinion of Hawkins, Delafield & Wood, counsel to the Underwriters, dated the date of the Closing, addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

(8) a certificate of an Authority Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best knowledge of his or her knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the Assignment of the Installment Payments or in any way contesting or affecting the validity or enforceability of the Bonds, the Authority Legal Documents or this Agreement or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Authority Legal Documents to be executed by the Authority or this Agreement or that could have a material adverse impact upon the ability of the Authority to perform its obligations under such

documents or that in any way contesting the existence or powers of the Authority;

(C) to the best of his or her knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(D) there does not exist any action, suit, proceeding or investigation pending, or to the best of the Authority representative's knowledge, threatened which if adversely determined, could materially adversely affect the ability of the Authority to perform its obligations under the Authority Legal Documents, the security for the Bonds, or the transactions contemplated by the Authority Legal Documents; and

(E) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Authority Legal Documents at or prior to the Closing;

(9) a certificate of a District Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the District contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best knowledge of the District, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the District in any material respect affecting the existence of the District or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the District Resolution or the assignment of the Installment Payments or in any way contesting or affecting the validity or enforceability of the Bonds, the District Legal Documents or this Agreement or contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the District Legal Documents to be executed by the District or this Agreement or that could have a material adverse impact upon the ability of the District to perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial

condition of the District or in any way contesting the existence or powers of the District;

(C) to the best of his or her knowledge, no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(D) there does not exist any action, suit, proceeding or investigation pending, or to the best of the District representative's knowledge, threatened which if adversely determined, could materially adversely affect the financial position of the District, the ability of the District to make Installment Payments (as that term is defined in the Installment Purchase Agreement) or perform its obligations under the District Legal Documents, or the transactions contemplated by the District Legal Documents; and

(E) District has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the District Legal Documents at or prior to the Closing;

(10) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a banking corporation duly organized and existing under the laws of the State of California, having the full power and authority to enter into and perform its duties under the Indenture and to deliver the Bonds;

(B) the Trustee is duly authorized to enter into the Indenture, and, when the Indenture is duly authorized, executed and delivered by the other respective parties thereto, to deliver the Bonds to the Underwriters pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture and the Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid

authorization, execution and delivery of the Indenture or the Bonds by the Trustee;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Bonds, or which, in any way, would adversely affect the validity of the Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture or the Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(11) a certificate of the Prior Trustee dated the date of Closing to the effect that:

(A) the Prior Trustee is duly organized and existing as a banking corporation duly organized and existing under the laws of the State of California, having the full power and authority to perform its duties under the Escrow Agreements;

(B) the compliance by the Prior Trustee of the Escrow Agreements will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Prior Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Prior Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Prior Trustee with respect to any federal or state securities or blue sky laws or regulations); and

(C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Prior Trustee, threatened against or affecting the existence of the Prior Trustee or in any way contesting or affecting the validity of the Escrow Agreements, or contesting the powers of the Prior Trustee or its authority to perform its obligations under the Escrow Agreements, or wherein an unfavorable decision, ruling or finding would adversely affect the Prior Trustee or the transactions contemplated in connection with the issuance of the Bonds, or which, in any way, would adversely affect the validity of the Bonds, Escrow Agreements or any agreement or instrument to which the Prior

Trustee is a party and which is used or contemplated for use in the Escrow Agreements in connection with the issuance of the Bonds.

(12) the municipal bond insurance policy (the "Policy") issued by the Insurer with respect to the Bonds, a certificate of the Insurer and an opinion of counsel to the Insurer regarding the enforceability of the Policy, each in form and substance satisfactory to District, the Authority and the Underwriters;

(13) executed or certified copies of each of the Legal Documents;

(14) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture;

(15) certified copies of the general resolution of the Prior Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Escrow Agreement;

(16) copies of the Authority Resolution certified by the Clerk of the Board of Supervisors of the Authority authorizing the execution and delivery of the Authority Legal Documents;

(17) copies of the District Resolution certified by the Clerk of the Board of Supervisors of the District authorizing the execution and delivery of the District Legal Documents;

(18) an executed copy of the Tax Certificate in form and substance acceptable to Bond Counsel;

(19) [evidence from Standard & Poor's, Moody's Investors Service, Inc. and Fitch Ratings that the Bonds have been rated "AAA," "Aaa" and "AAA," respectively;]

(20) a Verification Report with respect to the Defeased Bonds (as defined in the Official Statement);

(21) such additional legal opinions, certificates, proceedings, instruments and other documents as Bond counsel or Counsel to the Underwriters may reasonably request to evidence compliance by the Trustee, the County, the District and the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the Authority, the District and the county, at or prior to such time of all agreements to be performed and all conditions then to be satisfied.

(c) All matters relating to the Legal Documents, the Official Statement and the Bonds and the sale thereof, and the consummation of the transaction contemplated by

this Agreement, shall have been approved by the Underwriters and Counsel to the Underwriters, such approval not to be unreasonably withheld.

7. The Underwriters may terminate this Agreement, without liability therefor, by notification to the Authority and the District if at any time subsequent to the date of this Agreement and at or prior to the Closing:

(a) legislation enacted or recommended for passage by the President of the United States, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairman or ranking minority member of the Committee of Ways and Means of the House of Representatives or the Chairman or ranking minority member of the Committee on Finance of the Senate, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon moneys that would be received by District or moneys for the payment of debt service that would be received by the Trustee under the Indenture or upon such interest as would be received by the Bond Owners; or

(b) any event occurring, or information becoming known that, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(c) the declaration of war or engagement in major military hostilities by the United States or the occurrences of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States; or

(d) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or any other exchange, whether by virtue of a determination by the exchange or such other exchange or by order of the Securities and Exchange Commission or any other governmental authority; or

(e) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange; or

(f) legislation enacted or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust

Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(g) the withdrawal or downgrading of any rating of any securities of the Authority by a national rating agency; or

(h) a material adverse change in the financial position, results of operations or financial condition of the Authority or the District.

8. If the conditions to the Underwriters' obligations contained in this Agreement are not satisfied or if the Underwriters' obligations shall be terminated for any reason permitted by this Agreement, this Agreement and all obligations of the Underwriters hereunder may be cancelled by the Underwriters.

The performance by the Authority and the District of their obligations under this Agreement are conditioned upon (i) the performance by the Underwriters of their respective obligations hereunder, and (ii) receipt by the District, the Authority and the Representative of all opinions and certificates being delivered at the Closing by persons and entities other than the the District or the Authority.

9. The Underwriters shall be under no obligation to pay and District shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indenture; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel and the County Counsel; (v) the fees and disbursements of the financial advisor; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority or the District; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Verification Agent in connection with the certificate to be delivered pursuant to this Agreement; (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the District or the County; and (x) any expenses incurred on behalf of the District's employees which are incidental to implementing this Agreement, including, but not limited to meals, transportation, lodging and entertainment of those employees.

The Underwriters shall pay only (i) the cost of the printing of the Blue Sky Memorandum, if any; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) the fees and disbursements of Hawkins, Delafield & Wood, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of any other counsel retained by them.

10. The District and the Authority shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and each of them and their employees and each person who controls an Underwriter within the meaning of Section 15 of the Act (any such person being herein sometimes called an "Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or

alleged untrue statement of a material fact concerning the District, the Authority or the Project contained in the Official Statement under the captions "Introduction," "Plan of Finance," "Security and Sources of Payment for the Bonds," "Estimated Sources and Uses of Funds," "The Authority," "The District," "Litigation" and "Miscellaneous" or in Appendices A or B to the Official Statement or any amendment or supplement to such designated portions of the Official Statement, or the omission or alleged omission to state in such designated portions a material fact necessary to make the statements therein not misleading; *provided, however*, that neither the District nor the Authority shall be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact contained in the above designated portions of the Official Statement, or any amendment thereof or supplement thereto, or the omission or alleged omission to state therein not misleading to the extent that any such statement or omission occurred solely with respect to information provided in writing by the Underwriters to the District or the Authority specifically for use with respect to such designated portions of the Official Statement. This indemnity agreement shall not be construed as a limitation on any other liability which the District may otherwise have to any Indemnified Party, provided that in no event shall the District be obligated for double indemnification.

11. Any notice or other communication to be given to the Underwriters may be given by delivering the same to:

Salomon Smith Barney, Inc.
333 South Grand Avenue, 51st Floor
Los Angeles, California 90071
Attention: Raul Amezcua, Director

Any notice or other communication to be given to the Authority under this Agreement may be given by delivering the same to:

Los Angeles County Public Works
Financing Authority
500 West Temple Street, Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of the Board of Supervisors

Any notice to be given to the District under this Agreement may be given by delivering the same to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Public Finance

All notices or communications hereunder by any party shall be given and served upon each other party. The approval of the Underwriters when upon each other party. The approval of the Underwriters when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Representative and delivered to you.

12. This Agreement, when accepted by the Authority and the District in writing as heretofore specified, shall constitute the entire agreement among Authority, the District and the Underwriters and is made solely for the benefit of Authority, the County and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of Authority's and the District's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) issuance of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

13. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

14. The laws of the State of California shall govern the validity, interpretation and performance of this Agreement.

Very truly yours,

SALOMON SMITH BARNEY INC.

By: _____
As Representative

The foregoing is hereby agreed to
and accepted as of the date first
above written.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

By: _____
Treasurer

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By: _____
Treasurer and Tax Collector

Approved as to form:
LLOYD W. PELLMAN
County Counsel

By: _____
Deputy County Counsel

EXHIBIT A

List of Underwriters

Salomon Smith Barney Inc.
J.P. Morgan Securities, Inc.
E. Wagner & Associates, Inc.
MR Beal & Company
RBC Dain Rauscher Inc.
Ramirez & Co., Inc.

EXHIBIT B

\$ _____

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Capital Construction and Refunding Revenue Bonds
(Los Angeles County Flood Control District) Series 2003**

COUNTY OF LOS ANGELES

\$ _____ Serial Bonds

Dated: January 1, 2003
as shown below

Due:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
-------------	-----------------------------	--------------------------	-------------------------------

\$ _____ % Term Bonds due March 1, 20__ -- Yield _____ %
\$ _____ % Term Bonds due March 1, 20__ -- Yield _____ %

NEW ISSUE – BOOK-ENTRY ONLY**RATINGS:**

(See “Ratings” herein)

In the opinion of Sidley Austin Brown & Wood LLP, Bond Counsel, under existing law, assuming compliance with certain covenants in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the Bonds is not includable in the gross income of the holders of the Bonds for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation’s alternative minimum tax liability. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “Tax Matters” herein.

\$155,000,000*

**Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds
(Los Angeles County Flood Control District) Series 2003A**

Dated: Date of Delivery**Due:** _____

The \$155,000,000* Los Angeles County Public Works Financing Authority Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the “Bonds”) are being issued by the Los Angeles County Public Works Financing Authority (the “Authority”) under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and the Indenture of Trust (the “Indenture”), dated as of January 1, 2003, by and among the Authority, the Los Angeles County Flood Control District (the “District”) and BNY Western Trust Company, as trustee (the “Trustee”). The Bonds are secured by payments (the “Installment Payments”) made pursuant to an Installment Purchase Agreement, dated as of January 1, 2003, by and between the Authority and the District. See “Security and Sources of Payment for the Bonds” herein.

The Bonds are being issued to refund the Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) issued by the Authority in 1993 and to pay certain costs of issuance incurred in connection with the Bonds. See “Estimated Sources and Uses of Funds” and “Plan of Finance” herein.

The Bonds are secured solely by the assignment made to the Trustee by the Authority pursuant to the Indenture of the Installment Payments and other amounts available under the Installment Purchase Agreement. The District has pledged, under the Installment Purchase Agreement, for the payment of the Installment Payments thereunder, its allocable portion of the one percent general ad valorem property taxes levied and received by the District (the “Taxes”) and, to the extent that such Taxes are insufficient to pay the Installment Payments in any fiscal year, the revenues derived from any benefit assessments imposed by the District. The obligation of the District to make the Installment Payments is absolute and unconditional. See “Security and Sources of Payment for the Bonds” herein.

The Bonds will be delivered in book-entry form only, in denominations of \$5,000 or any integral multiple thereof, and, when issued and authenticated, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers of the Bonds will not receive Bonds representing their ownership interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Bonds. See “Book-Entry Only System” herein and Appendix D - “Book-Entry Only System” attached hereto. Interest on the Bonds will be payable on each March 1 and September 1, commencing on September 1, 2003.

The Bonds are subject to optional, mandatory and extraordinary redemption prior to their maturity as described herein. See “The Bonds – Redemption” herein.

* Preliminary, subject to change.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST THEREON ARE PAYABLE SOLELY FROM THE INSTALLMENT PAYMENTS RECEIVED FROM THE DISTRICT BY THE AUTHORITY AS PROVIDED IN THE INDENTURE, AND THE AUTHORITY IS NOT OBLIGATED TO PAY SUCH PRINCIPAL, PREMIUM OR INTEREST EXCEPT FROM THE INSTALLMENT PAYMENTS.

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE REVENUES AS PROVIDED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy (the "Policy") to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Bonds. See "Bond Insurance" herein.

[INSURER LOGO]

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued, delivered and received by the Underwriters set forth below, subject to the approval as to their validity and enforceability by Sidley Austin Brown & Wood LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins, Delafield & Wood, Los Angeles, California, and for the Authority and the District by County Counsel of the County of Los Angeles. It is anticipated that the Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about _____, 2003.

SALOMON SMITH BARNEY

JPMORGAN

E. WAGNER & ASSOCIATES, INC.

MR BEAL & COMPANY

RBC DAIN RAUSCHER

RAMIREZ & Co., INC.

Dated: _____, 2003

MATURITY SCHEDULE*
(Base CUSIP Number: _____)

\$ _____ Serial Bonds

Year (<u>March 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	<u>CUSIP</u>
	\$	%	%	

\$ _____ % Term Bonds due March 1, 20__ -- Yield or Price _____ % CUSIP: _____
 \$ _____ % Term Bonds due March 1, 20__ -- Yield or Price _____ % CUSIP: _____

* Preliminary, subject to change.

COUNTY OF LOS ANGELES

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
REFUNDING REVENUE BONDS (Los Angeles County Flood Control District)**

Board of Supervisors

Yvonne Brathwaite Burke
Second District, Chair

Gloria Molina
First District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Violet Varona-Lukens
*Executive Officer
Board of Supervisors*

County Officials

David E. Janssen
Chief Administrative Officer

Lloyd W. Pellman
County Counsel

J. Tyler McCauley
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

District Official

James A. Noyes
*Chief Engineer of the District
Director of Department of Public Works*

Arimax Financial Advisors Inc.
Financial Advisor

BNY Western Trust Company
Trustee

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the District.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the District since the date hereof. This Official Statement is submitted with respect to the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Authority and the District.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY, THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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\$155,000,000*
Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds
(Los Angeles County Flood Control District) Series 2003A

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

General

This Official Statement, including the cover page and the Appendices attached hereto (the "Official Statement"), provides certain information concerning the issuance by the Los Angeles County Public Works Financing Authority (the "Authority") of its \$155,000,000* Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the "Bonds"). The Bonds will be issued under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and the Indenture of Trust (the "Indenture"), dated as of January 1, 2003, by and among the Authority, the Los Angeles County Flood Control District (the "District") and BNY Western Trust Company, as trustee (the "Trustee"). The Bonds are secured by payments (the "Installment Payments") made pursuant to an Installment Purchase Agreement, dated as of January 1, 2003 (the "Installment Purchase Agreement"), by and between the Authority and the District. See "Security and Sources of Payment for the Bonds" herein.

The Bonds are being issued to refund the Los Angeles County Public Works Financing Authority Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) issued by the Authority in 1993 (the "Prior Bonds") and to pay certain costs of issuance incurred in connection with the Bonds. See "Estimated Sources and Uses of Funds" and "Plan of Finance" herein. The District used the proceeds of the Prior Bonds to construct approximately 50 drains and improvements to debris basins, pumping stations, detention basins, dams, reservoirs, laterals and dewatering stations throughout the District and to refund certain certificates of participation of the District.

The Bonds

The Bonds will be delivered in book-entry form only, in denominations of \$5,000 or any integral multiple thereof, and, when issued and authenticated, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers of the Bonds will not receive Bonds representing their ownership interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Bonds. See "The Bonds - Book-Entry Only System" herein. The interest on the Bonds will

* Preliminary, subject to change.

be payable on each March 1 and September 1, commencing on September 1, 2003 (each an "Interest Payment Date").

Security and Sources of Payment for the Bonds

The Bonds are secured for the benefit of the Owners of the Bonds under the Indenture by all of the Authority's right, title and interest in the Installment Purchase Agreement, including (i) all its rights to receive the Installment Payments and all other payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement, (ii) the right to take all actions and give all consents under the Installment Purchase Agreement, (iii) the right of access more particularly described in the Installment Purchase Agreement, and (iv) all right, title and interest of the Authority in the funds and accounts (and the money and other property held therein) established pursuant to the Indenture or the Installment Purchase Agreement; provided, however, that the Authority shall retain the rights to indemnification and to payment or Additional Payments under the Installment Purchase Agreement. "Installment Payments" mean the installment payments made by the District pursuant to the Installment Purchase Agreement.

The District has pledged, under the Installment Purchase Agreement, for the payment of the Installment Payments thereunder, its allocable portion of the 1 percent general ad valorem property taxes levied and received by the District (the "Taxes") and, to the extent that such Taxes are insufficient to pay the Installment Payments in any fiscal year, the revenues derived from any benefit assessments imposed by the District (the "Assessment Revenue"). The obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price (as defined in the Installment Purchase Agreement) shall have been paid in full or provision for the payment thereof shall have been made pursuant to Installment Purchase Agreement. See "Security and Sources of Payment for the Bonds" herein and Appendix E - "Schedule of Installment Payments" attached hereto.

The District has covenanted under the Installment Purchase Agreement that it will not at any time issue any obligation or execute any agreement the payments under which and pursuant to which are payable from the Taxes or the Assessment Revenues senior to the payment by the District of the Installment Payments. The District may incur obligations payable on a parity with the Bonds from Taxes and Assessment Revenue or solely from either Taxes or Assessment Revenue in accordance with the terms of the Installment Purchase Agreement. See "Security and Sources of Payment for the Bonds" herein.

Bond Insurance

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Bonds. See "Bond Insurance" herein and Appendix H - "Form of Municipal Bond Insurance Policy" attached hereto.

The District

The District was established in 1915 and encompasses approximately 2,760 square miles within the County. See Appendix A - "Los Angeles County Flood Control District" attached hereto.

The Authority

The Authority is a public agency duly organized and existing pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993, as amended, by and among the District, the County of Los

Angeles (the "County"), the Regional Park and Open Space District and the Community Facilities District No. 2 (Rowland Heights) (the "Agreement").

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The District has undertaken the responsibility for the continuing disclosure of financial information to Owners of the Bonds as described herein, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to such disclosures. See "Continuing Disclosure" herein.

The District has covenanted to provide, or cause to be provided to each nationally recognized municipal securities information repository or the Municipal Securities Rulemaking Board and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), certain annual financial information and operating data and, in a timely manner, notice of certain material events. These covenants have been made in order to assist the Underwriters of the Bonds in complying with the Rule. See "Continuing Disclosure" herein for a description of the specific nature of the annual report and notices of material events and a summary description of the material terms of the Continuing Disclosure Agreement pursuant to which such reports are to be made.

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that the expectations will prove to be correct. The Authority and the District are not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

PLAN OF FINANCE

The Authority intends to pay from available funds of the District the principal of and interest on the Prior Bonds maturing on March 1, 2003 and to apply the major portion of the proceeds of the Bonds to redeem on March 3, 2003 the outstanding Prior Bonds maturing on and after March 1, 2004 at the prepayment price of 102% of the principal amount thereof (collectively, the "Defeased Bonds"). Such available funds of the District and proceeds of the Bonds will be deposited into the Payment Fund and the Redemption Account of the Bond Fund, respectively, each held under the Indenture of Trust, dated as of August 1, 1993 (the "Prior Indenture"), between the Authority and BNY Western Trust Company (the "Prior Trustee"), as successor trustee to First Interstate Bank of California, pursuant to an Escrow Agreement, dated as of January 1, 2003, among the Authority, the District and the Prior Trustee. These amounts, together with any amounts transferred from other funds held under the Prior Indenture, will be invested in Government Obligations, as defined in the Prior Indenture (the "Defeasance Securities"). The Defeasance Securities will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide amounts sufficient to pay the principal of, and premium, if any, and interest on the

Defeased Bonds on March 3, 2003. Causey, Demgen & Moore, Inc., a firm of independent certified public accountants, will verify the arithmetical computations used to determine the sufficiency of the deposits into the Payment Fund and the Redemption Account of the Bond Fund. See "Verification of Mathematical Computations" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, and other available amounts, are expected to be applied as follows:

SOURCES:

Principal Amount of the Bonds.....	\$
Transfer of moneys from Prior Indenture	
 Total Sources	 \$

USES:

Deposit to the Redemption Account of the Bond Fund of the Prior Indenture	\$
Costs of Issuance ⁽¹⁾	
 Total Uses	 \$

⁽¹⁾ Includes legal, financial advisor, trustee, and verification agent fees, bond insurance premium, underwriters' discount, printing costs, and other costs of issuance.

THE BONDS

General

The Bonds will be issued in the form of fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. The principal of the Bonds will be payable on their respective maturity dates, as shown on the inside cover page hereof, and interest on the Bonds will be payable on each March 1 and September 1, commencing on September 1, 2003 (each an "Interest Payment Date") to the respective Owners thereof as shown in the books required to be kept by the Trustee on the fifteenth day of the calendar month prior to the applicable Interest Payment Date (the "Record Date"). The interest evidenced and represented by the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Book-Entry Only System

The Bonds will be delivered in book-entry form only, in denominations of \$5,000 or any integral multiple thereof, and, when issued and authenticated, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers of the Bonds will not receive Bonds representing their ownership interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Bonds. See Appendix D - "Book-Entry Only System" attached hereto.

Redemption

Extraordinary Redemption. The Bonds are subject to redemption prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity in integral multiples of \$5,000 of principal in such order of maturity as will be selected by the District on any date, from payments made by the District from the proceeds from insurance, condemnation or eminent domain awards with respect to the Property or any part thereof, less any costs reasonably expended by the District to receive such proceeds under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Installment Purchase Agreement, at a redemption price equal to the sum of the principal amount or such part thereof evidenced and represented by the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

Optional Redemption. [The Bonds maturing on or after March 1, 20__ are subject to optional redemption by the District prior to their respective maturity dates, upon notice as hereinafter provided, as a whole or in part by lot within each maturity in integral multiples of \$5,000 of principal in such order of maturity as will be selected by the District and designated in writing to the Trustee on any date on or after March 1, 20__, from any source of available funds, at the following redemption prices (computed upon the principal amount or such part thereof of the Bonds to be redeemed) plus accrued interest thereon to the date fixed for redemption:

<u>Payment Date</u>	<u>Payment Price</u>
March 1, 20__ through February 28, 20__	%
March 1, 20__ through February 28, 20__	
March 1, 20__ and thereafter]	

Mandatory Redemption. The Bonds maturing on March 1, 20__, are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such dates, at a redemption price equal to the sum of the principal amount of such Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

<u>Maturity (March 1)</u>	<u>Principal Component of Installment Payment</u>
	\$

The Bonds maturing on March 1, 20__ are also subject to mandatory redemption prior to their stated maturity in part on March 1 of each year on and after March 1, 20__, by lot, from and in the amount of the principal components of the Installment Payments applicable thereto and due and payable on such dates, at a redemption price equal to the sum of the principal amount of such Bond plus accrued interest thereon to the date of redemption, without premium, as indicated in the following table:

<u>Maturity (March 1)</u>	<u>Principal Component of Installment Payment</u>
	\$

Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the Bonds of such maturity to be redeemed in whole or in part from the Outstanding Bonds of such maturity by lot, and the Trustee will promptly notify the Authority and the District in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

Notice of Redemption. Notice of redemption will be given by mail in accordance with the Indenture to the respective Owners of any Bonds designated for redemption in whole or in part prior to their redemption date and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities and exchange commission or brokerage board or otherwise as may be determined by it in its sole discretion. Each notice of redemption will state the date of notice, the redemption date, the redemption place (including the name and address of the Trustee) and the redemption price, will designate the maturities, CUSIP numbers, if any, and, if less than all Bonds maturing on any one date are to be redeemed, the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, will (in the case of any Bond called for redemption in part only) state the part of the principal amount thereof which is to be redeemed, and will state that the interest on the Bonds or parts thereof designated for redemption will cease to accrue from and after such redemption date and that on such redemption date there will become due and payable on each of the Bonds or parts thereof designated for redemption the redemption price evidenced and represented thereby.

Effect of Redemption. If notice of redemption has been duly given to the Owners as aforesaid and money for the payment of the redemption price of the Bonds or parts thereof to be redeemed is held by the Trustee, then on the redemption date designated in such notice the Bonds or such parts thereof so called for redemption will become payable at the redemption price thereof as specified in such notice; and from and after the date so designated interest on the Bonds or such parts thereof so called for redemption will cease to accrue, such Bonds or such parts thereof will cease to be entitled to such benefit, protection or security hereunder and the Owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price of the Bonds or such parts to be redeemed. The Trustee will, upon surrender for redemption of any of the Bonds to be redeemed in whole or in part on their redemption dates, pay such Bonds or such parts thereof at the redemption price thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are secured for the benefit of the Owners of the Bonds under the Indenture by all of the Authority's right, title and interest in the Installment Purchase Agreement, including (i) all its rights to receive the Installment Payments and all other payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement, (ii) the right to take all actions and give all consents under the Installment Purchase Agreement, (iii) the right of access more particularly described in the Installment Purchase Agreement, and (iv) all right, title and interest of the Authority in the funds and accounts (and the money and other property held therein) established pursuant to the Indenture or the Installment Purchase Agreement; provided, however, that the Authority shall retain the rights to indemnification and to payment of Additional Payments under the Installment Purchase Agreement. "Installment Payments" mean the installment payments made by the District pursuant to the Installment Purchase Agreement. See Appendix E - "Schedule of Installment Payments" attached hereto.

Installment Payments

Under the Installment Purchase Agreement, the District has pledged, for the payment of the Installment Payments, certain Revenues of the District. "Revenues" mean Taxes and, to the extent the Taxes are insufficient to pay the Installment Payments in any fiscal year, Assessment Revenue. The District has covenanted in the Installment Purchase Agreement that, with respect to Assessment Revenue it will determine annually the costs of the services that are financed by the benefit assessment imposed by the District and determine and impose the assessments (taking into account principal, interest and other obligations owed by the District) in an amount that is sufficient to pay the maximum Installment Payments payable in any fiscal year plus Maximum Annual Debt service (as defined herein) requirements for any indebtedness secured on a *pari passu* basis with the Installment Payments. Assessment Revenue may be limited by the requirements of Proposition 218, see Appendix A – "Los Angeles County Flood Control District - District Revenues" attached hereto.

The District has also covenanted in the Installment Purchase Agreement to take such action as may be necessary to include all Installment Payments and Additional Payments in its annual budgets and to make the necessary annual appropriations for all such Installment Payments and Additional Payments. Installment Payments are scheduled to be paid as set forth in Appendix E - "Schedule of Installment Payments" attached hereto. The Installment Payments are designed to be sufficient to pay principal of and interest on the Bonds when due.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST THEREON ARE PAYABLE SOLELY FROM THE INSTALLMENT PAYMENTS RECEIVED FROM THE DISTRICT BY THE AUTHORITY AS PROVIDED IN THE INDENTURE, AND THE AUTHORITY IS NOT OBLIGATED TO PAY SUCH PRINCIPAL, PREMIUM OR INTEREST EXCEPT FROM THE INSTALLMENT PAYMENTS.

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE REVENUES AS PROVIDED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The obligation of the District to make the Installment Payments from Revenues is absolute and unconditional, and until such time as the Purchase Price (as defined in the Installment Purchase Agreement) shall have been paid in full or provision for the payment thereof shall have been made pursuant to the Installment Purchase Agreement. The District will not discontinue or suspend any Installment Payments required to be made by it when due, whether or not the Property or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditioned upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

Debt Service Coverage

The District has historically paid debt service on its outstanding bonds from Taxes and levied the benefit assessment in amounts sufficient to pay the District's operating and maintenance expenses. The District may use amounts received from the benefit assessment to pay debt service on outstanding obligations, including the Bonds, if necessary. The benefit assessment may only be increased by the

District pursuant to voter approval. See Appendix A – “Los Angeles County Flood Control District-District Revenues” attached hereto. The following table sets forth the debt service coverage with respect to the Prior Bonds for the past five fiscal years and the projected debt service coverage with respect to the Bonds for fiscal years 2002-03 and 2003-04.

HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE

<u>Fiscal Year</u>	<u>Annual Debt Service</u>	<u>Taxes</u>	<u>Assessment Revenue</u>	<u>Total Available Revenue</u>	<u>Debt Service Coverage Ratio</u>
1997-98	\$19,581,004	\$46,543,350	\$107,156,873	\$153,700,223	7.85%
1998-99	19,526,006	49,227,874	107,080,467	156,308,341	8.01
1999-00	18,427,894	51,219,867	107,202,440	158,422,307	8.60
2000-01	18,419,070	56,698,833	107,700,289	164,399,122	8.93
2001-02	18,429,146	59,613,113	107,555,755	167,168,868	9.07
2002-03	18,424,084	59,425,000 ⁽¹⁾	107,588,000 ⁽¹⁾	167,013,000 ⁽¹⁾	9.07 ⁽¹⁾
2003-04	17,613,240 ⁽²⁾	60,568,000 ⁽¹⁾	107,588,000 ⁽¹⁾	168,156,000 ⁽¹⁾	9.55 ⁽¹⁾

Source: Los Angeles County Flood Control District.

⁽¹⁾ Estimated.

⁽²⁾ Estimated based on an assumed interest rate of 3.43%.

Additional Bonds

In accordance with the Indenture, the Authority, from time to time, may with the prior written consent of the District and shall upon the request of the District, by a Supplemental Indenture, authorize one or more series of Additional Bonds, secured by Installment Payments under the Installment Purchase Agreement, on a parity with the Outstanding Bonds. Any Additional Bonds shall be issued as set forth in the Supplemental Indenture providing for such Additional Bonds.

Additional Obligations

No Senior Obligations. The District has covenanted under the Installment Purchase Agreement that it will not at any time issue any obligation or execute any agreement the payments under which and pursuant to which are payable from the Taxes or the Assessment Revenues senior to the payment by the District of the Installment Payments.

Additional Obligations Payable from Taxes and Assessment Revenue. Under the Installment Purchase Agreement, the District may at any time issue any obligations of the District authorized, executed, issued and delivered by the District under and pursuant to applicable law, the interest and principal and redemption premium, if any, payments under and pursuant to which are payable from both Taxes and Assessment Revenue on a parity with the payment of the Installment Payments (“Parity Obligations”) as provided in the Installment Purchase Agreement; provided, the sum of Taxes and Assessment Revenue for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Parity Obligations or the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, will have produced a sum equal to at least the Maximum Annual Parity Debt Service on all Obligations to be outstanding

after the issuance of such Parity Obligations or the execution of such Contract, as the case may be. "Maximum Annual Parity Debt Service" means, with respect to Parity Obligations and Contracts, Assessment Obligations or Tax Obligations, the greatest total Parity Debt Service, Assessment Debt Service or Tax Debt Service, as applicable, payable in any period commencing with the next ensuing Bond Year and terminating with a twelve-month period ending on March 1 pursuant to which Installment Payments are calculated (a "Bond Year") during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Parity Obligations and Contract, Assessment Obligation (as defined below) or Tax Obligation (as defined below), as applicable. "Contracts" means the Installment Purchase Agreement and all other installment or revenue payment contracts of the District authorized and executed by the District under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from both Taxes and Assessment Revenue on a parity with the payment of the Installment Payments.

Additional Obligations Payable from Assessment Revenue. The District may at any time issue any obligations the payments under and pursuant to which or execute any installment sale or purchase agreement the payments under and pursuant to which, as the case may be, are secured by a pledge of the Assessment Revenue ("Assessment Revenue Obligations") on a parity with the pledge by the District of the Assessment Revenue to the payment of the Installment Payments as provided in the Installment Purchase Agreement; provided, the Assessment Revenue for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Assessment Revenue Obligations, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, will have produced a sum equal to at least the Maximum Annual Assessment Debt Service on all Assessment Revenue Obligations, Parity Obligations and Contracts outstanding after the issuance of such Assessment Revenue Obligations. "Maximum Annual Assessment Debt Service" means, with respect to Assessment Obligations, the greatest total Assessment Debt Service, payable in any Bond Year during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Assessment Revenue Obligation.

Additional Obligations Payable from Taxes. The District may at any time issue any obligations the payments under and pursuant to which or execute any installment sale or purchase agreement the payments under and pursuant to which, as the case may be, are secured by a pledge of the Taxes ("Tax Obligations") on a parity with the pledge by the District of the Taxes to the payment of the Installment Payments as provided in the Installment Purchase Agreement; provided, the Taxes for any period of twelve (12) consecutive calendar months next preceding the date of the adoption by the Board of the District of the resolution authorizing the issuance of such Tax Obligations, as evidenced by both a calculation prepared by the District and either a Certification of the District or a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, will have produced a sum equal to at least the Maximum Annual Tax Debt Service on all Tax Obligations, Parity Obligations and Contracts Outstanding after the issuance of such Tax Obligation. "Maximum Annual Tax Debt Service" means, with respect to Tax Obligations, the greatest total Tax Debt Service payable in any Bond Year during the period commencing with the next ensuing Bond Year and terminating with the Bond Year in which payments are due under the last outstanding Tax Obligation.

Refunding and Subordinate Obligations. Notwithstanding the foregoing provisions, there will be no limitations on the ability of the District to (i) execute any agreement evidencing any Parity Obligations or Contracts, Assessment Revenue Obligations or Tax Obligations at any time to refund any outstanding Parity Obligations or Contracts, Assessment Revenue Obligations or Tax Obligations, as applicable, so long as the applicable maximum annual debt service is not increased thereby, or (ii) execute any contract

or issue any obligations which are payable from Taxes, Assessment Revenue, or both on a subordinate basis to the payment by the District of the Installment Payments.

Additional Payments

In addition to the Installment Payments the District will pay to the Authority, or the Trustee, as applicable, as Additional Payments under the Installment Purchase Agreement such amounts in each year as will be required by the Authority for the payment in full of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Installment Purchase Agreement and of the Indenture, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority in connection with the Installment Purchase Agreement and the Indenture, the fees, costs and expenses of the Trustee in connection with the Bonds, all expenses and interest payable by the Authority to the Bond Insurer or any other document to the extent not otherwise paid pursuant to the Installment Purchase Agreement and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Property or the Installment Payments and the other payments required to be made by the District under the Installment Purchase Agreement.

Rate Covenant

The District has covenanted in the Installment Purchase Agreement that it will determine annually the costs of the services that are financed by the benefit assessment imposed by the District and that it will determine and impose assessments (taking into account principal, interest and other obligations owed) in an amount that is sufficient to pay the maximum Installment Payments payable in any fiscal year plus maximum annual debt service requirements for any indebtedness secured on a *pari passu* basis with the Installment Payments.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to Appendix H attached hereto for a specimen of the Policy.

The Policy

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii)

any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Bond Insurer from the Trustee or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Bond Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Bond Insurer, and appropriate instruments to effect the appointment of the Bond Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Trustee payment of the insured amounts due on such Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

The Bond Insurer

The Bond Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Bond Insurer. The Bond Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Bond Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Bond Insurer, changes in control and transactions among affiliates. Additionally, the Bond Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Bond Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and the Bond Insurer set forth under the heading "Bond Insurance" herein. Additionally, the Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

Bond Insurer Information

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2001;
- and

2. The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002), are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Bond Insurer is (914) 273-4545.

As of December 31, 2001, the Bond Insurer had admitted assets of \$8.5 billion (audited), total liabilities of \$5.6 billion (audited), and total capital and surplus of \$2.9 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2002, the Bond Insurer had admitted assets of \$9.0 billion (unaudited), total liabilities of \$5.9 billion (unaudited), and total capital and surplus of \$3.1 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of the Bond Insurer

Moody's Investors Service, Inc. rates the financial strength of the Bond Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Bond Insurer "AAA."

Fitch Ratings rates the financial strength of the Bond Insurer "AAA."

Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Bond Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

In the event the Bond Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

THE DISTRICT

The Los Angeles County Flood Control District was established in 1915 and encompasses approximately 2,760 square miles within the County of Los Angeles. The District may acquire or contract to acquire lands, rights of way, easements, privileges and property of every kind and to construct, improve, maintain, repair and operate any and all improvements within or without the District related to its mandate. The District has implemented a range of flood control, water conservation and soil conservation and stabilization solutions throughout the District. Employees of the Public Works Department (the "Department") serve as staff for the District. See Appendix A - "Los Angeles County Flood Control District" attached hereto.

THE AUTHORITY

The Los Angeles County Public Works Financing Authority is a public agency duly organized and existing pursuant the Agreement. The Authority is authorized by Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and is empowered under the Agreement to refund the Defeased Bonds. The Authority is administered by a governing board comprised of the members of the Board of Supervisors of the County who also constitute the members of the Board of Directors of the District.

RISK FACTORS

The following factors, along with all other information in this Official Statement and the Appendices hereto, should be considered by potential investors in evaluating the Bonds.

Remedies; Acceleration at Trustee's Discretion

[The Installment Purchase Agreement provides that if the District defaults under the Installment Purchase Agreement the Trustee may exercise any and all rights and remedies available under the Installment Purchase Agreement, including the right to declare all Installment Payments immediately due and payable. The Trustee may also accelerate the obligation of the Authority to pay the principal and interest owed on the Bonds in the event of a default under the Indenture.]

Projections and Forecasts

The projections and forecasts regarding the future Revenues of the District contained in this Official Statement and the Appendices hereto are estimates, which have been prepared on the basis of certain assumptions and hypotheses. The Authority and the District make no representation or warranty of any kind with respect to the accuracy or completeness of these projections and forecasts. The projections and forecasts contained herein are based upon assumptions as to future events and, accordingly, are subject to varying degrees of uncertainty. Some assumptions inevitably will not materialize and, additionally, unanticipated events and circumstances may occur. The projections and forecasts included in this Official Statement and the Appendices hereto may vary from actual results in material and adverse respects.

Legislation; Initiative Measures

Legislation or initiative measures impacting property, property tax allocation or the rate or rates of assessment may effect the security of the Bonds. The implementation of any constitutional or legislative property tax decrease could reduce taxes or assessments, and accordingly, have an adverse impact on the ability of the District to make timely Installment Payments. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations which could adversely affect the security of the Bonds. In addition, delinquencies in the payment of property taxes could have an adverse effect on the District's ability to make timely Installment Payments. The Authority has no power to levy and collect property taxes. See Appendix A – “Los Angeles County Flood Control District” attached hereto.

Reduction in Property Values

A reduction in land use or improvement value of property in the County caused by economic factors beyond the District and the Authority's control, such as the complete or partial destruction of such property caused by, among other unforeseen events, an earthquake, other natural disaster or civil unrest, could cause a reduction in Revenues. Such a reduction in Revenues could have an adverse effect on the District's ability to make timely Installment Payments.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Bonds, Causey, Demgen & Moore, Inc., independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the Defeasance Securities scheduled to mature in such amounts and at such times and bear interest at such rates as to provide amounts sufficient to pay the principal of and interest on the Defeased Bonds pursuant to the Escrow Agreement and the Prior Indenture. See “Plan of Finance” herein.

TAX MATTERS

Federal Tax Exemption

Exclusion from Gross Income. In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Indenture, the Installment Purchase Agreement and other documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the holders of the Bonds for federal income tax purposes. Failure to comply with such covenants and requirements with respect to the Bonds may cause the interest on the Bonds to be included in the gross income of the holders thereof retroactively to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals and corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Indenture, the Installment Purchase Agreement or other documents pertaining to the Bonds may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the exclusion from gross income for federal income tax purposes of the interest on the Bonds on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Bond Counsel.

Original Issue Discount. The initial public offering price of certain of the Bonds (collectively, the "Discount Bonds") is less than the principal amount of the Discount Bonds. The difference between the principal amount of a Discount Bond and its initial public offering price is original issue discount. Original issue discount on a Discount Bond accrues over the term of such Discount Bond at a constant interest rate. To the extent it has accrued, original issue discount on a Discount Bond is treated as interest excludable from gross income for federal income tax purposes under the conditions and limitations described above. The amount of original issue discount that accrues on a Discount Bond in each year is not an item of tax preference for purposes of calculating federal alternative minimum taxable income, but is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. Additionally, such accrued original issue discount is taken into account in determining the distribution requirements of certain regulated investment companies. Consequently, owners of Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

The accrual of original issue discount on a Discount Bond will increase the owner's adjusted basis in such Discount Bond. This will affect the amount of taxable gain or loss realized by the owner of the Discount Bond upon the redemption, sale or other disposition of such Discount Bond. The effect of the accrual of original issue discount on the federal income tax consequences of a redemption, sale or other disposition of a Discount Bond that is not purchased at the initial public offering price may be determined according to rules that differ from those described above. Owners of Discount Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of original issue discount that properly accrues with respect to the Discount Bonds, other federal income tax consequences of owning and disposing of the Discount Bonds and any state and local tax consequences of owning and disposing of the Discount Bonds.

Original Issue Premium. Certain of the Bonds may be purchased in the initial offering for an amount in excess of their principal amount (hereinafter, the "Premium Bonds"). The excess of the tax basis of a purchaser of a Premium Bond (other than a purchaser who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Premium Bond is "bond premium." Bond premium is amortized for federal income tax purposes over the term of a Premium Bond based on the purchaser's yield to maturity in the Premium Bond, except that in the case of a

Premium Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond. A purchaser of a Premium Bond is required to decrease his or her adjusted basis in such Premium Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Premium Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of a Premium Bond, and with respect to the state and local tax consequences of owning and disposing of a Premium Bond.

Future Legislation. Legislation affecting municipal obligations is continually being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds. Legislative or regulatory actions and proposals may also affect the economic value of the tax exemption or the market price of the Bonds.

State of California Tax Exemption

In the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The District has undertaken the responsibility for the continuing disclosure of financial information to Owners of the Bonds as described below, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to such disclosures.

The District has covenanted for the benefit of the Owners and beneficial owners of the Bonds to cause to be provided Annual Reports to each Repository, including its audited financial statements and certain operating and other information as described in the Continuing Disclosure Agreement. The District will, or will upon written direction cause the Dissemination Agent to, not later than 60 days after the District normally receives its audited financial statements from its auditors in each year but in no event later than February 1, commencing with the report for fiscal year 2001-02, provide to each Repository an Annual Report pursuant to the requirements of the Continuing Disclosure Agreement.

The District has covenanted to provide, or cause to be provided, to each Repository in a timely manner notice of the following "Listed Events" if determined by the District to be material: (1) principal and interest payment delinquencies, (2) non-payment related defaults, (3) unscheduled draws on the debt service reserves reflecting financial difficulties, (4) unscheduled draws on credit enhancements reflecting financial difficulties, (5) substitution of credit or liquidity providers, or their failure to perform, (6) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds, (7) modifications to rights of Bondholders, (8) contingent or unscheduled bond calls, (9) defeasances, (10) release, substitution or sale of property securing repayment of the Bonds and (11) rating changes. These covenants have been made in order to assist the Underwriters in complying with Rule. The District has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events. See Appendix G - "Form of Continuing Disclosure Agreement" attached hereto.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Sidley Austin Brown & Wood LLP, Bond Counsel. The proposed form of Bond Counsel's opinion is contained in Appendix F attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins, Delafield & Wood, Los Angeles, California.

FINANCIAL ADVISOR

Arimax Financial Advisors Inc. served as Financial Advisor in connection with the issuance of the Bonds.

LITIGATION

To the best of their knowledge, neither the Authority nor the District is aware of any pending or threatened litigation concerning the validity of the Bonds or challenging any action taken by the Authority or District in connection with the authorization of the Indenture or any other documents relating to the Bonds to which the Authority or District is or is to become a party or relating to the performance by the Authority or District of any of their respective obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the District seeking damages. Included in these are a number of property damage and personal injury actions and other actions requiring the District to assume financial liability for damage to private property incurred during storm seasons. In the opinion of the County Counsel, such suits and claims as are presently pending will not impair the ability of the District to make the Installment Payments or otherwise meet its obligations under the Installment Purchase Agreement. See Appendix A – "Los Angeles County Flood Control District" attached hereto.

RATINGS

Moody's Investors Service Inc., Standard & Poor's and Fitch Ratings have assigned ratings of "Aaa," "AAA," and "AAA," respectively, to the Bonds, based on the understanding that upon delivery of the Bonds the Policy will be issued by the Insurer. [The underlying ratings with respect to the Bonds are "___," "___" and "___," respectively.] Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective agencies at the following addresses: Moody's Investors Service Inc., 99 Church Street, New York, New York 10007, Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by and of the rating agencies, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Salomon Smith Barney Inc., as representative of the Underwriters listed on the cover page hereof (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Bonds at a price of \$_____ (which amount represents the principal amount of the Bonds, less an original issue discount of \$_____ and less an underwriter's discount of \$_____), plus accrued interest.

The Bond Purchase Agreement relating to the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District, the County or the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the District. Additional information regarding this Official Statement may be obtained by contacting:

**DEBORAH LINDHOLM
DIRECTOR OF PUBLIC FINANCE
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 437
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175**

APPENDIX A

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

General

The Los Angeles County Flood Control District (the "District") was established in 1915 and encompasses approximately 2,760 square miles within the County of Los Angeles (the "County"). Employees of the Public Works Department (the "Department") of the County serve as staff for the District. The District is separate from the Department and funds of each entity remain in separate accounts. The Department pays the District for the use of District equipment, materials and property used for County purposes.

The District's topography is dominated by a broad flood plain lying between the Pacific Ocean and extending approximately twenty-five miles to the San Gabriel Mountains. A significant amount of precipitation is deposited along this mountain range during the fall and winter months of most years. The resulting runoff of water from the mountains onto the flood plain presents a danger to life and property in the area. Substantially all of the County's population resides, and its assessed valuation is generated within, the District's boundaries.

The District is empowered by the Los Angeles County Flood Control Act 1915, California Water Code, Appendix, Chapter 28 (the "Act") to acquire or contract to acquire lands, rights of way, easements, privileges and property of every kind and to construct, improve, maintain, repair and operate any and all improvements within or without the District necessary to carry out the objectives and purposes of the Act. Pursuant to this authority, the District has implemented a range of solutions to the various flood control, water conservation and soil conservation and stabilization problems throughout the District.

District Operations

General. District administrative activities are directed by the Director of Public Works who serves concurrently as the Chief Engineer of the District. Approximately 1,330 employees of the Department provide direct services to the District through the programs described below. The District presently spends approximately \$65 million annually for maintenance of existing facilities, which include 15 major dams, 132 debris retention facilities, 24 retention-detention facilities, 178 debris-retaining inlets, 3 seawater barrier projects, 494 miles of channels, 2,616 miles of storm drains, 229 crib dams, 43 fire structures, 28 spreading grounds, 75 stream gauging stations, and 33 sediment placement sites, in addition to support facilities in the District.

Development Regulations. The District establishes design standards for the development of new projects. Such standards govern the preparation of plans, specifications, hydraulic and structural analyses, engineering reviews, geological and mechanical recommendations and construction cost estimates.

Flood Control and Drainage. The District is responsible for the operations of the County's dams which includes the keeping of historical records, the physical maintenance and upkeep of the dams, debris basins, flood control channels, storm drains, spreading grounds, pumping plants and sea water barriers as well as the construction and maintenance of stream gauging stations, wells, access roads and trails. In addition to detailed dam information, the District analyzes and reports weather data and performs flood forecasting, rainfall, evaporation, hydrologic and hydraulic studies and sedimentation management.

Property Management. The District controls the development of flood plain maps and ordinances, manages a number of benefit assessment programs and reviews new land developments,

building permits and drainage plans. The District also performs maintenance management studies, coordinates disaster reimbursements from State and/or federal agencies and is responsible for the appraisal, acquisition, leasing, or disposal of real estate, the processing of damage claims and the performance of engineering, title, permit and planning activities on rights of way to be acquired.

Services to Others. The District provides reimbursable and nonreimbursable services to the federal, State and local governments and private individuals. These services include construction of new projects in local areas, cooperative agreements with governmental agencies such as the Corps of Engineers, the State Water Resources Board or the California Department of Transportation and emergency flood and fire services.

Water Conservation. The District's water conservation program includes plans and provides technical supervision of the operation of water conservation facilities and barriers to sea water intrusion, studies of ground water hydrology and record of data, surveillance of water quality and the monitoring of continual testing and engineering.

Waste Management. The District has established a waste management program to prevent or remedy incidents of contamination of the District's channels, spreading grounds and dams. In addition, the program ensures the District's compliance with the Federal Clean Water Act.

Watershed Management. The District is responsible for planning and implementing watershed management projects that protect the District's residents from flooding while integrating the elements of natural resources, groundwater and stormwater conservation, improved stormwater runoff quality, and [preservation of important] socioeconomic, environmental and recreational features within the District.

In addition to routine operations, certain employees are assigned to special storm duties, including protection of life and property and the collection of hydrological data for use in planning operations. A coordinated system of reservoir discharges from the District's dams is established at the beginning of a storm to provide flood control. Critical sections of the principal channels are patrolled by personnel during storms and standby employees are strategically located throughout the District to render emergency assistance.

Employee Relations and Collective Bargaining

In 1985, the employees of the District were transferred to the Department. All County employees working for the District are subject to the County Employee Relations Ordinance. Approximately 377 administrative employees of the District are not represented by labor organizations. Most of the remaining employees serving the District are represented by bargaining units of labor organizations. The District has experienced no major stoppages by County employees. The classifications of represented employees presently subject to collective bargaining agreements are set forth below:

**CLASSIFICATIONS OF REPRESENTED EMPLOYEES
SUBJECT TO COLLECTIVE BARGAINING AGREEMENTS
(2001-02)**

<u>Classifications</u>	<u>Number of Budget Positions</u>	<u>Date Majority of Agreements Expire</u>
Administrative	184	9/30/03
Artisan and Blue Collar	1,032	9/30/03
Building Trades/Skilled Craftsmen, Mechanics	406	8/31/03 and 12/31/03
Clerical	322	9/30/03
Engineering	1,788	2/28/03

Source: County of Los Angeles.

Retirement Program

General. All permanent County employees of three-quarter time (or more) are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 to administer the County's employee retirement trust fund. Through this fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members. As of June 30, 2001, there were 87,069 active members. Retired members totaled 45,397.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service and age. County employees may participate in contributory plans or, subsequent to January 4, 1982, in a non-contributory plan. With respect to contribution based plans, employee contributions to the retirement system are based on rates determined by LACERA's actuary. Such contributions are based upon the date and age of entry into the plan and type of membership (general or safety).

Actuarial Valuation. State law provides that the County contribute to the fund on behalf of employees based on rates determined by the system's actuary. Such rates are required to be calculated in a triennial valuation. By policy, LACERA conducts annual interim valuations to assess changes in the fund's portfolio.

The actuary's triennial valuation of the system is driven by actuarial assumptions about certain interest and inflation rates, salary growth, demographic data and mortality. The valuation determines the amount needed to fund the normal retirement cost and any unfunded actuarial accrued liability ("UAAL"). The actuary uses the Entry Age Normal Method to determine the necessary contribution rates.

On March 13, 2002, the Board of Investments approved a triennial valuation dated as of June 30, 2001. This valuation reported that the actuarial accrued liability increased by 7.2 percent to \$26,490,000,000. As a result, the Board of Investments set the actuarial value of plan assets equal to the \$26.5 billion actuarial accrued liability and established LACERA's funding at 100 percent.

In June 2002, the County and the Los Angeles County Employees Retirement Association entered into the Retirement Benefits Enhancement Agreement (the "Agreement") to enhance certain retirement benefits in a manner that is consistent with State law changes enacted in 2001 and fringe benefit changes negotiated in 2000. Additionally, the Agreement amended the 1994 Retirement System Funding

Agreement to provide a 30-year rolling amortization period for any UAAL that may develop prior to the expiration of the 1994 Funding Agreement on July 1, 2010.

[litigation update to come]

Budget Process

The District's Budget is prepared and submitted in accordance with the instructions and proceedings developed by the County Chief Administrative Officer. The Chief Administrative Officer presents the Proposed County and District Budgets to the Board of Supervisors, the governing body of the District. The Board of Supervisors is required by law to adopt a Proposed Budget no later than June 30 of each year. Absent the adoption of a Final Budget by June 30, the appropriations approved in the Proposed budget become effective for the new fiscal year until a Final Budget is adopted. After conducting public hearings and deliberating the details of the Budget, the Board of Supervisors adopts the final County and District Budgets. The Department and the Chief Administrative Office monitor actual expenditures and revenue receipts on a monthly basis to ensure that the Budget remains in balance throughout the fiscal year.

District Budget

The following table sets forth the District's general fund budgets for fiscal year 1998-99 through fiscal year 2002-03.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
GENERAL FUND
Final Fiscal Year 1998-99 Budget, Fiscal Year 1999-00 Budget,
Fiscal Year 2000-01 Budget, Fiscal Year 2001-02 Budget and
Adopted Fiscal Year 2002-03 Budget and Change From 2001-02 Budget**

	Final 1998-99 Budget ⁽¹⁾	Final 1999-00 Budget ⁽¹⁾	Final 2000-01 Budget ⁽¹⁾	Final 2001-02 Budget ⁽¹⁾	Adopted 2002-03 Budget ⁽²⁾	Change From 2001-02 Budget Amount	Percent Increase (Decrease)
REQUIREMENTS							
APPROPRIATIONS							
Services and Supplies	\$225,014,000	\$240,236,000	\$186,116,000	\$180,823,000	\$171,226,000	(\$9,597,000)	-5.31%
Other Charges	21,689,000	21,701,000	20,980,000	20,985,000	20,968,000	(17,000)	-0.08
Fixed Assets							
Buildings and Improvements	\$ 1,360,000	\$ 9,091,000	\$ 1,143,000	\$ 20,239,000	\$21,470,000	\$ 1,231,000	6.08
Equipment	50,000	50,000	93,000	50,000	50,000	0	0.00
Land	--	--	200,000	--	--	--	--
Sub-total Fixed Assets	\$ 1,410,000	\$ 9,141,000	\$ 1,436,000	\$ 20,289,000	\$ 21,520,000	\$ 1,231,000	6.07
Residual Equity Transfer	\$ 1,373,000	\$ 1,425,000	\$ 1,134,000	\$ 2,416,000	\$ 2,052,000	(\$364,000)	-15.07
Appropriation for Contingency	--	--	--	--	--	--	--
Total Financing Uses	<u>\$ 249,486,000</u>	<u>\$272,503,000</u>	<u>\$209,666,000</u>	<u>\$224,513,000</u>	<u>\$215,766,000</u>	<u>(\$8,747,000)</u>	<u>-3.90</u>
Reserves							
Designations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,000,000	\$12,000,000	100.00
Total Requirements	<u>\$249,486,000</u>	<u>\$272,503,000</u>	<u>\$209,666,000</u>	<u>\$ 224,513,000</u>	<u>\$227,766,000</u>	<u>\$ 3,253,000</u>	<u>1.45</u>
AVAILABLE FUNDS							
Fund Balance	\$ 8,831,000	\$ 22,683,000	\$ 17,708,000	\$ 18,392,000	\$ 12,138,000	(\$6,254,000)	-34.00
Revenue	84,076,000	80,114,000	25,397,000	38,908,000	35,786,000	(3,122,000)	-8.02
Benefit Assessment	106,243,000	107,247,000	107,061,000	107,608,000	107,588,000	(20,000)	-0.02
Property Taxes	45,336,000	50,459,000	53,500,000	55,605,000	59,425,000	3,820,000	6.87
Cancel Reserve/Designation	<u>5,000,000</u>	<u>12,000,000</u>	<u>6,000,000</u>	<u>4,000,000</u>	<u>12,829,000</u>	<u>8,829,000</u>	<u>220.73</u>
Total Available Funds	<u>\$249,486,000</u>	<u>\$272,503,000</u>	<u>\$209,666,000</u>	<u>\$224,513,000</u>	<u>\$227,766,000</u>	<u>\$ 3,253,000</u>	<u>1.45%</u>

⁽¹⁾ Final adjusted budget for the fiscal year ending June 30.

⁽²⁾ Final adopted budget for budget fiscal year 2002-03. These amounts do not include any adjustments made after the Board's adoption of the budget.

Assessed Valuation

The following table sets forth the changes in assessed valuation for the Los Angeles County Flood Control District from fiscal year 1997-98 through fiscal year 2001-02.

CHANGE IN ASSESSED VALUATION

<u>Fiscal Year</u>	<u>Secured Valuation</u>	<u>Net Change from Prior Fiscal Year</u>	<u>Percent Change</u>
1997-98	\$461,048,423,000	\$ 3,508,513,316	0.77%
1998-99	473,901,659,373	12,853,236,373	2.79
1999-00	502,392,467,420	28,490,808,047	6.01
2000-01	537,144,469,417	34,752,001,997	6.92
2001-02	573,661,126,147	36,516,656,730	6.80

Source: County of Los Angeles Auditor-Controller.

District Revenues

General. The District presently has two primary sources of revenue. The District receives a share of the *ad valorem* property taxes collected by the County and a benefit assessment placed on the property tax roll.

Property Taxes. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a one-percent property tax on behalf of all taxing agencies in the County. The taxes collected are allocated based on a formula established by State law enacted in 1979 and amended periodically. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new constructions, change of ownership, and inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than County-wide or less than citywide special districts.

In addition to the one percent property tax levied by the County, the District is empowered to levy a tax each year upon the taxable real property in the District sufficient to pay the interest on outstanding voter approved bonds and the portion of the principal that is due, and the portion of principal and interest which will become due before the time for the next general tax levy. Such tax is levied and collected on real property at the same time and in the same manner as the general tax levy for County purposes and, when collected, is paid into the County Treasury to the credit of the District.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10 percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10 percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgement lien on certain property of the taxpayer, (3) filing a certificate of delinquency for recording in the County Recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests, belonging or assessed to the assessee.

The following table provides a summary of the District's share of the one percent property tax levy during the past five fiscal years.

**FLOOD CONTROL GENERAL FUND SHARE OF
COUNTY ONE PERCENT TAX LEVY
Fiscal Year 1997-98 through Fiscal Year 2001-02**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Taxes Collected Through June 30⁽¹⁾</u>	<u>Percent Collected</u>
1997-98	\$46,084,102	\$44,461,655	96.48%
1998-99	47,671,901	45,900,290	96.28
1999-00	50,550,899	48,640,708	96.22
2000-01	53,971,177	52,120,192	96.57
2001-02	57,699,053	55,797,258	96.70

Source: County of Los Angeles Auditor-Controller.

⁽¹⁾ Does not include the current year collections of delinquencies from prior years.

Benefit Assessment. The benefit assessment is authorized by Chapter 6.4 (commencing with Section 54703), Part 1, Division 2, Title 5 of the California Government Code. At the November 6, 1979 election, a majority of those voting approved a ballot measure which authorized a benefit assessment in future years to supplement other revenues sufficient to keep the existing flood protection system in a safe and effective condition, to respond to emergencies and to finance the construction of urgently needed flood control improvements.

The benefit assessment is levied and collected at the same time and in the same manner as the general tax levy for County purposes. The benefit assessment is calculated each year by the District based on the location, use, type of improvement and assessment rate of each parcel within the District and has no maximum limit. However, Proposition 218 (as defined below) limits the District's ability to levy additional property related benefit assessments or to increase existing benefit assessments without voter approval. The average benefit assessment for a single family residence is presently \$28.85.

The benefit assessment levy presently provides 47 percent of the District's funding for operations and maintenance expenses and none of the District's funding for debt service on outstanding obligations. The following table sets forth the benefit assessment levies and collections during the past four fiscal years and the projected levy and collection for fiscal year 2001-02.

BENEFIT ASSESSMENT LEVIES AND COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1997-98	\$106,383,986	\$103,064,714 ⁽¹⁾	96.88%
1998-99	106,942,384	103,965,661	97.22
1999-00	107,154,340	104,036,404	97.09
2000-01	107,360,031	104,313,028	97.16
2001-02	107,575,247	104,835,002 ⁽²⁾	97.45 ⁽¹⁾

Source: County of Los Angeles Auditor-Controller

⁽¹⁾ Does not include the current year collections of delinquencies from prior years.

⁽²⁾ Estimated.

Right to Vote on Taxes Initiative-Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including the County and the District, to levy and collect existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective on July 1, 1997.

Proposition 218 provides for broad initiative powers to reduce or repeal taxes, assessments, fees and charges. This initiative power is not limited by the terms of Proposition 218 to taxes, assessments or fees and charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. However, other than any impact resulting from the exercise of this initiative power, presently the Authority does not believe that Proposition 218's potential impact on the financial condition of the District as a result of the provisions of will adversely affect the Authority's ability to pay the principal of and interest with respect to Bonds as and when due.

Article XIII D of Proposition 218 adds several new requirements making it generally more difficult for local agencies to levy "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. The District's existing benefit assessments are not subject to property owner approval under Proposition 218 because they were imposed prior to Proposition 218. Proposition 218 limits the District's ability, however, to levy additional property related benefit assessments or to increase existing benefit assessments without voter approval. See Appendix B – "Financial Statements of the Los Angeles County Flood Control District for the Fiscal Year Ended June 30, 2001" Note 10.

Additional implementing legislation pertaining to Proposition 218 may be introduced in the State legislature from time to time. In addition, other initiative measures relating to assessments may be approved by the voters. No assurance can be given regarding the terms any such legislation or initiative measures or their potential impact on the District.

Financial Statements

The following table sets forth the revenues, expenditures and changes in fund balances for the District for the past four fiscal years.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT Combined Statement of Revenues, Expenditures and Changes in Fund Balances General Fund for the Fiscal Years Ended June 30, 1998 through June 30, 2001 (in thousands)

	Fiscal Year <u>1997-98</u>	Fiscal Year <u>1998-99</u>	Fiscal Year <u>1999-00</u>	Fiscal Year <u>2000-01</u>
REVENUES:				
Taxes	\$ 46,548	\$ 49,228	\$ 51,233	\$ 56,718
Licenses and permits	903	677	627	598
Fines, forfeitures and penalties	2,557	1,661	1,531	1,474
Interest	7,264	6,654	6,730	8,212
Rents and royalties	4,559	3,908	4,325	5,693
Intergovernmental revenues:				
Federal	3,017	10,234	8,598	5,250
State	1,770	1,356	4,674	2,198
Other	1,074	1,343	1,553	1,530
Charges for services	111,318	131,290	111,754	106,605
Miscellaneous	<u>2,972</u>	<u>1,064</u>	<u>--</u>	<u>9,702</u>
TOTAL REVENUES	<u>\$181,982</u>	<u>\$207,415</u>	<u>\$191,025</u>	<u>\$197,980</u>
EXPENDITURES:				
Current:				
Services and supplies	\$135,776	\$179,581	\$177,703	\$166,801
Other charges	11,693	915	1,927	2,147
Debt Service				
Principal				
Interest				
Capital Outlay	<u>767</u>	<u>2,208</u>	<u>610</u>	<u>1,909</u>
TOTAL EXPENDITURES	<u>\$148,236</u>	<u>\$182,704</u>	<u>\$180,240</u>	<u>\$170,857</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$33,746	\$24,711	\$10,785	\$ 27,123
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	<u>411</u>	<u>153</u>	<u>1,263</u>	<u>106</u>
Operating transfers from other funds				
Operating transfers to other funds	(\$19,457)	(\$19,246)	(\$18,353)	(\$18,311)
OTHER FINANCING SOURCES (USES)-NET	(\$19,046)	(\$19,093)	(\$17,090)	(\$18,205)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$14,700	\$5,618	(\$6,305)	(\$ 8,918)
BEGINNING FUND BALANCE, JULY 1	\$121,036	\$135,211	\$141,204	\$134,039
PRIOR PERIOD ADJUSTMENT ⁽¹⁾	--	--	1,480	510
CONTRIBUTION TO COUNTY OF LOS ANGELES ⁽²⁾	(\$525)	(\$1,105)	(\$1,370)	(\$758)
FUND BALANCE, JUNE 30	<u>\$135,211</u>	<u>\$139,724</u>	<u>\$133,529</u>	<u>\$142,199</u>

Source: Component Unit Financial Statements.

(1) Prior period adjustments for Fiscal Year 1999-00 and Fiscal Year 2000-01 consist of adjustments to litigation accruals of \$1,480 and federal disaster revenue accruals of \$510, respectively.

(2) See Appendix B – “Financial Statements of the Los Angeles County Flood Control District for the Fiscal Year Ended June 30, 2001” Note 2.

Investment

The District invests certain funds of the District in the County Treasury (the “Treasury Pool”) and such funds are subject to withdrawal upon demand. The County Treasurer and Tax Collector (the “Treasurer”) has the delegated authority to invest funds on deposit in the Treasury Pool. The Treasurer reports on a monthly basis to the County Board of Supervisors (the “Board of Supervisors”). As of November 30, 2002, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$ 4.639
Schools and Community Colleges	4.941
Independent Public Agencies	<u>1.166</u>
Total	\$10.746

The involuntary participants accounted for approximately 89.15 percent of these local agencies, and all discretionary participants accounted for 10.85 percent of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer’s prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive investment policy (the “Investment Policy”) developed by the Treasurer and adopted by the Board of Supervisors on an annual basis. The Investment Policy adopted on January 29, 2002, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the “Investment Report”) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors for formal action to approve it. According to the Investment Report dated December 17, 2002, the November 30, 2002 book value of the Treasury Pool was approximately \$10.746 billion and the corresponding market value was approximately \$10.774 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer’s Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Treasurer’s Compliance Auditor also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor-Controller’s Office performs similar cash and investment reconciliations on a quarterly

basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The Treasury Pool is highly liquid. As of November 30, 2002 approximately 31.59 percent of the pool investments mature within 60 days, with an average of 327.33 days to maturity for the entire portfolio. The following table identifies the types of securities held by the Treasury Pool as of November 30, 2002.

<u>Type of Investment</u>	<u>Percent of Pool</u>
U.S. Government and Agency Obligations	68.49%
Certificates of Deposit	5.71
Commercial Paper	21.94
Bankers Acceptances	0.00
Municipal Obligations	0.55
Corporate Notes and Deposit Notes	3.31
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00

Effective January 1, 1996, Section 27131 of the Government Code requires all counties investing surplus funds to establish a County Treasury Oversight Committee. On January 16, 1996, the Board of Supervisors approved the establishment of the County Treasury Oversight Committee (the "Committee") and subsequently confirmed the five Committee members nominated by the Treasurer in accordance with that Section. The Committee, which meets quarterly, is required to review and monitor for compliance the investment policies prepared by the Treasurer.

Outstanding Indebtedness

In 1970, the voters of the District authorized \$252,000,000 of Election 1970 general obligation bonds. All of the authorization of the Election 1970 general obligation bonds have been issued. As of January 1, 2003, the District had \$11,750,000 of its Election 1970 general obligation bonds outstanding. 1970 general obligation debt of the District is payable from special ad valorem property taxes and may not be used to pay any other debt obligations of the District.

The following table sets forth the District's outstanding Election 1970 GO Bonds, including refunding bonds thereof as of January 1, 2003.

OUTSTANDING OBLIGATIONS OF THE DISTRICT
(as of January 1, 2003)

<u>Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
Election 1970			
Series D	\$24,000,000	\$ 800,000	February 2003
Series E	12,000,000	400,000	May 2003
Series F	27,000,000	900,000	November 2003
Series G	9,000,000	600,000	July 2004
Series H	9,000,000	600,000	July 2004
Series I	21,000,000	1,400,000	December 2004
Series J	42,000,000	2,800,000	May 2005
Series M	13,000,000	2,000,000	May 2007
Series N	14,000,000	2,250,000	November 2007
1993 Refunding	<u>\$50,290,000</u>	\$ <u>2,395,000</u>	May 2006
TOTALS	<u>\$221,290,000</u>	<u>\$14,145,000</u>	

Source: Los Angeles County Auditor-Controller's Office.

Overlapping Debt

Set forth below is a direct and overlapping debt report prepared by California Municipal Statistics Inc., dated December 1, 2002. The report is included for general informational purposes only. The District has not reviewed the report for completeness or accuracy and makes no representations in connection therewith.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

2002-03 Assessed Valuation: \$625,138,142,220 (Land and Improvements)
 Redevelopment Incremental Valuation: 59,325,461,488
 Adjusted Assessed Valuation: \$565,812,680,732

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:

	% Applicable (1)	Debt 12/1/02
Los Angeles County	98.488%	\$ 35,953,044
Los Angeles County Flood Control District	100.	14,145,000 (2)
Metropolitan Water District of Southern California	49.128	246,897,677
Los Angeles Community College District	99.905	506,548,322
Other Community College Districts	Various	109,015,091
Los Angeles Unified School District	99.894	1,755,282,426
Other Unified School Districts	Various	1,908,554,498
High School Districts	Various	98,042,186
School Districts	Various	287,172,464
City of Los Angeles	99.931	979,383,759
City of Los Angeles Special Tax Obligations	99.931	182,054,296
Other Cities	Various	264,660,742
Special Districts	Various	15,739,835
Community Facilities Districts	Various	437,678,907
Los Angeles County Metropolitan Transit Benefit Assessment District	100.	126,465,000
Los Angeles County Regional Park and Open Space Assessment District	98.488	388,766,607
1915 Act Bonds	Various	<u>200,512,713</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$7,556,872,567
Less: Self-supporting bonds		<u>320,000</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$7,556,552,567

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	98.488%	\$1,553,748,402
Los Angeles County Pension Obligations	98.488	1,725,497,346
Los Angeles County Superintendent of Schools Obligations	98.488	27,334,675
Los Angeles County Flood Control District General Fund Obligations	100.	158,135,000
Community College District General Fund Obligations	Various	226,769,175
Unified School District General Fund Obligations	Various	895,620,100
Other School District General Fund Obligations	Various	149,514,510
City of Los Angeles General Fund and Judgment Obligations	99.931	1,311,517,429
Other City General Fund Obligations	Various	1,517,332,224
Los Angeles County Sanitation District General Fund Obligations	Various	313,539,021
Other Special District General Fund Obligations	Various	<u>19,969,322</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$7,898,977,204
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		81,971,562
Other self-supporting obligations		<u>216,261,552</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$7,600,744,090

GROSS COMBINED TOTAL DEBT	\$15,455,849,771 (3)
NET COMBINED TOTAL DEBT	\$15,157,296,657

(1) Based on 2001-02 redevelopment adjusted all property assessed valuation (\$547,679,547,878).

(2) Excludes refunding revenue bonds to be sold.

(3) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2002-03 Land and Improvement Assessed Valuation:

Direct Debt (\$14,145,000)	0.002%
Total Gross Direct and Overlapping Tax and Assessment Debt	1.21%
Total Net Direct and Overlapping Tax and Assessment Debt	1.21%

Ratios to 2001-02 Adjusted All Property Assessed Valuation:

Combined Direct Debt (\$172,280,000)	0.03%
Gross Combined Total Debt	2.82%
Net Combined Total Debt	2.77%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: \$2,343,503

Source: California Municipal Statistics Inc.

General Litigation

There are a number of lawsuits and claims pending against the District. Included in these are a number of property damage, personal injury and environment-related actions. In the opinion of the County Counsel, such suits and claims as are presently pending will not impair the ability of the District to make debt service payments on the Bonds or otherwise meet its outstanding debt obligations.

APPENDIX B

**FINANCIAL STATEMENTS OF THE LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT FOR THE FISCAL YEAR ENDED
JUNE 30, 2001**

APPENDIX C

**SUMMARY OF CERTAIN PROVISIONS OF
THE PRINCIPAL LEGAL DOCUMENTS**

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Authority takes no responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC," "GSCC," "MBSCC," and "EMCC," also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify a Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of Bonds held by DTC. In such event, DTC will implement, through its book-entry system, a redemption by lot of interests in the Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants will implement a redemption of the Bonds for the Beneficial Owners.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the

Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF THE AUTHORITY, THE DISTRICT OR THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

None of the Authority, the District or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply. The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and none of the Authority or the Trustee take any responsibility for the accuracy thereof.

None of the Authority, the Trustee or the Underwriters can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Trustee or the Underwriters are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

APPENDIX E

SCHEDULE OF INSTALLMENT PAYMENTS

SCHEDULE OF INSTALLMENT PAYMENTS

Payment <u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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APPENDIX F

FORM OF BOND COUNSEL OPINION

SIDLEY AUSTIN BROWN & WOOD LLP

CHICAGO
DALLAS
LOS ANGELES
NEW YORK
SEATTLE
WASHINGTON, D.C.

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SAN FRANCISCO, CALIFORNIA 94104
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FACSIMILE 415 397 4621
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FOUNDED 1866

BEIJING
HONG KONG
LONDON
SHANGHAI
SINGAPORE
TOKYO

_____, 2003

Los Angeles County Public Works Financing Authority
Los Angeles, California

Re: \$ _____
Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds
(Los Angeles County Flood Control District)
2003 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Los Angeles County Public Works Financing Authority (the "Authority") of its \$ _____ aggregate principal amount of Los Angeles County Public Works Financing Authority Refunding Revenue Bonds (Los Angeles County Flood Control District) 2003 Series A (the "Bonds") pursuant to Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State of California, and an Indenture, dated as of _____ 1, 2003 (the "Indenture") by and among the Authority, the Los Angeles County Flood Control District (the "District") and BNY Western Trust Company, as trustee (the "Trustee").

In our capacity as Bond Counsel, we have reviewed the Indenture, the Installment Purchase Agreement, dated as of _____ 1, 2003 (the "Installment Purchase Agreement"), by and between the Authority and the District, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation; and we have assumed, but did not independently verify, that the signatures on all documents and certificates that we reviewed are genuine.

Based upon the foregoing, and subject to the limitations and qualifications herein specified, as of the date hereof, set forth under existing laws, we are of the opinion that:

1. The Bonds constitute valid and binding obligations of the Authority enforceable in accordance with their terms.

2. The Bonds are special obligations of the Authority payable from certain installment payments to be made by the District under the Installment Purchase Agreement and certain other moneys described in the Indenture. The obligation of the District to make the payments pursuant to the Installment Purchase Agreement is limited to Revenues (as such term is defined in the Installment Purchase Agreement). Neither the faith and credit nor the taxing power of the District, the State of California, or any political subdivision thereof, is pledged to such payments or to the payment of the principal of or interest on the Bonds.

3. Assuming compliance by the Authority and the District with certain covenants in the Indenture and the Installment Purchase Agreement, and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. Failure by the Authority and the District to comply with such covenants and requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to their date of issuance; and we render no opinion as to the exclusion from gross income of the interest on the Bonds for federal income tax purposes in the event any action is taken or omitted to be taken related to such covenants or requirements upon the approval of counsel other than ourselves.

4. Interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals and corporations. However, interest on the Bonds is included as an adjustment in calculating federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

5. Interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Other than as described herein, we have not addressed, and are not opining on, the tax consequences to any person of the investment in, or of the receipt of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Installment Purchase Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Bonds, or the interest thereon, if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

With respect to the opinions expressed herein, the rights and obligations under the Bonds, the Installment Purchase Agreement and the Indenture are subject to bankruptcy, insolvency,

reorganization, arrangement, moratorium and other laws affecting the enforcement of creditors' rights, to the application of equitable principles (regardless of whether such enforceability is considered in equity or law), to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California. In addition, we express not opinion with respect to any indemnification, contribution, penalty, choice of forum or waiver provisions contain in the foregoing documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of such actions or events.

Respectfully submitted,

SIDLEY AUSTIN BROWN & WOOD LLP

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

by and between

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

and

BNY WESTERN TRUST COMPANY,
AS TRUSTEE

Dated as of January 1, 2003

Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of January 1, 2003, is by and between BNY WESTERN TRUST COMPANY, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee"), and the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a flood control district organized and existing under and by virtue of the laws of the State of California (the "District").

WITNESSETH:

WHEREAS, the District has executed and delivered an Installment Purchase Agreement, dated as of the date hereof, by and between the Los Angeles County Public Works Financing Authority (the "Authority") and the District, pursuant to which the District has agreed to make installment payments (the "Installment Payments");

WHEREAS, the Authority has issued its Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the "Bonds") pursuant to the Indenture, dated as of the date hereof (the "Indenture"), by and among the Authority, the District and the Trustee, which Bonds are payable solely from the Installment Payments;

WHEREAS, this Disclosure Agreement is being executed and delivered by the District and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 hereof.

"Disclosure Representative" means the _____ of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Trustee from time to time.

"Dissemination Agent" means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" means any of the events listed in subsection (a) of Section 4 hereof.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Official Statement” means the Official Statement, dated _____, 20____, relating to the Bonds.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” means each National Repository and each State Repository.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

Section 2. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than sixty (60) days after the District normally receives its audited financial statements from its auditors in each year but in no event later than February 1, commencing with the report for the 2001-2002 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 3 hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under subsection (f) of Section 4 hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the Repositories, the District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the District and the Dissemination Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a) of this Section, the Trustee shall send a notice to the Municipal Securities Rulemaking Board and each State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) file a report with the District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 3. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) Updated information for the prior fiscal year comparable to the information contained in the table entitled "HISTORICAL AND PROJECTED DEBT SERVICE" under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Coverage."

(ii) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – District Budget."

(iii) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – Assessed Valuation" including the table entitled "CHANGE IN ASSESSED VALUATION."

(iv) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – District Revenues – Property Taxes" including the table entitled "FLOOD CONTROL GENERAL FUND SHARE OF COUNTY ONE PERCENT LEVY."

(v) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – District Revenues – Benefit Assessment" including the table entitled "BENEFIT ASSESSMENT LEVIES AND COLLECTIONS."

(vi) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – Financial Statements" including the table entitled "LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – Combined Statement of Revenues, Expenditures and Changes in Fund Balances."

(vii) Updated information for the prior fiscal year comparable to the information contained under the heading "APPENDIX A – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT – Outstanding Indebtedness" including the table entitled "OUTSTANDING OBLIGATIONS OF THE DISTRICT."

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or unscheduled Bond calls.

- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f) of this Section.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) of this Section or otherwise, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(d) If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f) of this Section.

(e) If in response to a request under subsection (b) of this Section, the District determines that the Listed Event would not be material under applicable Federal securities law, the District shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f) of this Section.

(f) If the Trustee has been instructed by the District to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (viii) and (ix) of subsection (a) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under subsection (f) of Section 4 hereof.

Section 6. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Trustee may amend this Disclosure Agreement (and

the Trustee shall agree to any amendment so requested by the District), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of holders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the District or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal of Outstanding Bonds, shall), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**LOS ANGELES COUNTY FLOOD
CONTROL DISTRICT**

By: _____
Chair

ATTEST:
VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board

By _____
Deputy

**BNY WESTERN TRUST COMPANY, AS
TRUSTEE**

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT**

Name of Issuer: Los Angeles County Flood Control District

Name of Issue: Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds (Los Angeles County Flood Control
District) Series 2003A

Date of Issuance: _____, 2003

NOTICE IS HEREBY GIVEN that the Los Angeles County Flood Control District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.09 of the Indenture, dated as of January 1, 2003, by and among BNY Western Trust Company, as Trustee, the Los Angeles County Public Works Financing Authority and the District. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

BNY WESTERN TRUST COMPANY, as
Trustee, on behalf of the Los Angeles County
Flood Control District

cc: Los Angeles County Flood Control District

APPENDIX H

FORM OF MUNICIPAL BOND INSURANCE POLICY

ESCROW AGREEMENT

by and among

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

and

BNY WESTERN TRUST COMPANY
as Prior Trustee

Dated as of _____, 2003

Relating to

Los Angeles County Public Works Financing Authority
Capital Construction and Refunding Bonds
(Los Angeles County Flood Control District)

ESCROW AGREEMENT
RELATING TO
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
CAPITAL CONSTRUCTION AND REFUNDING BONDS
(LOS ANGELES COUNTY FLOOD CONTROL DISTRICT)

THIS ESCROW AGREEMENT, dated as of _____, 2003, by and among Los Angeles County Public Works Financing Authority, (the "Authority"), Los Angeles County Flood Control District (the "District") and BNY Western Trust Company (formerly know as First Interstate Bank of California, N.A.), as trustee (the "Prior Trustee") under that certain Indenture, dated as of August 1, 1993 (the "Indenture"), between the Authority and the Prior Trustee;

W I T N E S S E T H:

WHEREAS, pursuant to the Indenture, the Authority has previously issued its Capital Construction and Refunding Bonds (Los Angeles County Flood Control District) in the initial aggregate principal amount of \$238,965,000 payable from installment payments to be paid by the District pursuant to that certain Installment Purchase Agreement (the "Purchase Agreement"), dated as of August 1, 1993, between the Authority and the District, of which \$_____ aggregate principal amount remains outstanding (such outstanding bonds being referred to herein as the "Prior Bonds"); and

WHEREAS, the Authority, the District and the Prior Trustee desire to provide for the payment of the principal of and interest on the Prior Bonds maturing on March 1, 2003 to its maturity date (the "Maturing Bonds") and to redeem the Prior Bonds maturing on or after March 1, 2004 (the "Refunded Bonds") on March 1, 2003 (the "Redemption Date"), at a redemption price (the "Redemption Price") equal to 102% of the principal amount evidenced by the Refunded Bonds plus unpaid interest with respect thereto to the Redemption Date pursuant to Article V of the Indenture and Section 4.6 of the Purchase Agreement; and

WHEREAS, the Authority has determined to issue its Refunding Revenue Bonds (Los Angeles County Flood Control District) Series 2003A (the "Refunding Bonds") pursuant to an Indenture (the "Refunding Indenture"), dated as of January 1, 2003, by and among the Authority, the District and BNY Western Trust Company, as trustee (the "Refunding Bonds Trustee"), for the purpose of providing a portion of the funds necessary to defease the Prior Bonds; and

WHEREAS, a portion of the proceeds of the Refunding Bonds when deposited into the Redemption Account and funds provided by the District and the moneys from the funds and accounts established under the Indenture deposited into the Payment Fund will be sufficient, respectively, (i) to pay the principal of and interest on the Maturing Bonds to their maturity date of March 1, 2003 and the interest on the Refunded Bonds to March 1, 2003 and (ii) to pay the Redemption Price of the Refunded Bonds on the Redemption Date (the amounts necessary to pay when due such principal and interest and Redemption Price being herein referred to as the "Escrow Requirements"); and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority, the District and the Prior Trustee agree as follows:

SECTION 1. Definitions.

Capitalized terms used herein and defined in the preambles to this Escrow Agreement shall have the meanings given such terms in such preambles. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Purchase Agreement. In addition, the following terms shall have the meanings set forth below for all purposes of this Escrow Agreement.

“Accountant’s Report” shall mean, as of any time, a verification report of an independent certified public accountant acceptable to the Bank and the Bond Insurer to the effect that principal of and interest on the Eligible Securities held or to be held, as applicable, in the Payment Fund and the Redemption Account, when paid will provide, without any reinvestment, money which, together with the money on deposit in the Payment Fund and the Redemption Account, will be sufficient to pay when due all Escrow Requirements then remaining to be paid.

“Approving Opinion” shall mean, with respect to any action pursuant to this Escrow Agreement requiring such an opinion, an opinion of Bond Counsel to the effect that such action will not cause the interest on any of the Refunding Bonds to be includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, and the regulations and proposed regulations thereunder.

“Bond Counsel” means counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the District and not objected to by the Prior Trustee, the Authority or the Bond Insurer.

“Eligible Securities” shall mean Government Obligations as defined under the Indenture.

SECTION 2. Deposit of Money.

(a) There has been deposited with the Prior Trustee in trust for the benefit of the Owners of the Prior Bonds and irrevocably appropriated and set aside to the payment of the amounts required under the Purchase Agreement, in immediately available funds \$_____, representing \$_____ of the net proceeds of the Refunding Bonds, \$_____ from the District and \$_____ from the funds and accounts established under the Indenture. Of such funds, \$_____ (representing fund provided by the District and moneys from the funds and accounts established under the Indenture) are to be held in irrevocable escrow by the Prior Trustee separate and apart from other funds of the Authority, the District and the Prior Trustee in the Payment Fund and \$_____ (representing the net proceeds of the Refunding Bonds) are to be held in irrevocable escrow by the Prior Trustee separate and apart from other funds of the Authority, the District and the Prior Trustee in the Redemption Account. Amounts in the Payment Fund and the Redemption Account are to be applied solely as provided in the Indenture and this Escrow Agreement. The Prior Trustee will apply \$_____ of the moneys in the Payment Fund and \$_____ of the moneys in the Redemption Account to the purchase of the Eligible Securities set forth in Exhibit A hereto.

(b) The Prior Trustee hereby acknowledges receipt of the Accountant's Report of _____, certified public accountants, dated _____, 2003 relating to the sufficiency of each of (i) the initial cash deposit to the Payment Fund and the Redemption Account and (ii) the Eligible Securities set forth in Exhibit A hereto to pay when due the Escrow Requirements, which report satisfies the requirements of Section 11.01 of the Indenture.

(c) The Prior Trustee hereby acknowledges that provisions satisfactory to the Prior Trustee have been made for paying all fees and expenses of the Prior Trustee in accordance with Purchase Agreement.

(d) The District hereby irrevocably relinquishes any interest in the moneys and Eligible Securities held in the Payment Fund and the Redemption Account and agrees and acknowledges that all such moneys and Eligible Securities are the property of the Prior Trustee, but only in its capacity as Prior Trustee for the Prior Bonds, to be held in trust and applied solely as provided in this Escrow Agreement.

SECTION 3. Investment and Reinvestment of Moneys.

The Prior Trustee acknowledges receipt of the moneys described in Section 1 hereof and agrees to apply \$ _____ of such moneys to the purchase of the Eligible Securities set forth in Exhibit A hereto and to hold such Eligible Securities to the credit of the Payment Fund and the Redemption Account, as set forth in Exhibit A. The \$ _____ balance of moneys in the Payment Fund shall remain uninvested. The \$ _____ balance of moneys in the Redemption Account shall remain uninvested except as provided in Sections 6 and 7 hereof.

SECTION 4. Application of Payment Fund and Redemption Account.

(a) Payment of Prior Bonds. From the principal of the Eligible Securities credited to the Payment Fund and the Redemption Account and the investment income and earnings thereon and the uninvested cash held in the Payment Fund and the Redemption Account, the Authority and the District hereby irrevocably instruct the Prior Trustee to pay, and the Prior Trustee hereby agrees, subject to the provisions of Section 8, to pay when due the Escrow Requirements to the Owners of the Prior Bonds entitled thereto. Such payments shall constitute the respective payments of the principal of, premium and interest on the Prior Bonds due.

(b) Excess Funds. Any amounts remaining in the Payment Fund and the Redemption Account after payment of all Prior Bonds shall be applied first to the payment of any amounts then owed to the Prior Trustee and any balance shall be delivered to the Refunding Bonds Trustee for deposit in the Installment Payment Fund established pursuant to the Indenture.

(c) Directions from District. The provisions of subsection (a) of this Section 4 shall constitute irrevocable instructions to the Prior Trustee to apply moneys in the Payment Fund and the Redemption Account to the payment of principal, premium and interest with respect to the Prior Bonds required by Section 11.01 of the Indenture.

(d) Termination of Obligation. The deposits to the Payment Fund and the Redemption Account shall constitute: (i) a prepayment by the District of all Installment Purchase Payments to be paid by the District pursuant to the Purchase Agreement; and (ii) the

deposit required by Section 11.01 of the Indenture with respect to the Prior Bonds. Upon deposit of the moneys set forth in Section 2 hereof with the Prior Trustee pursuant to the provisions of Section 1 hereof and the purchase of the Eligible Securities as provided in Section 3 hereof, receipt of the Accountant's Report and the opinion of counsel as described in Section 2(b) hereof, provision satisfactory to the Prior Trustee having been made for the payment of all fees and expenses of the Prior Trustee as described in Section 2(c) hereof, and the irrevocable instructions to give notice contained in Section 5 hereof, the Authority, the District and the Prior Trustee (as Prior Trustee under the Indenture and assignee of the Authority's rights under the Purchase Agreement) acknowledge that: (i) pursuant to the terms of the Purchase Agreement, the right, title and interest of the Authority and the Prior Trustee in the Purchase Agreement, and the obligations of the District under the Purchase Agreement; and (ii) the obligations created by the Indenture, with respect to the Prior Bonds, has ceased, determined and become void (except for the right and obligation of the Prior Trustee to apply the moneys and Eligible Securities in the Payment Fund and Redemption Account to the payment of the Prior Bonds as set forth in this Escrow Agreement).

SECTION 5. Irrevocable Instructions to Provide Notice.

The Authority hereby irrevocably instructs the Prior Trustee to give notice, as provided in Section 5.03 of the Indenture, of the redemption of the Refunded Bonds on the Redemption Date. Such notice shall be in the form required by Section 5.03 of the Indenture.

The Prior Trustee confirms that the instructions contained in this Section 5 are provisions satisfactory to the Prior Trustee for the giving of the notice of redemption of the Refunded Bonds on the Redemption Date for purposes of 11.01(b) of the Indenture.

SECTION 6. Performance of Duties.

The Prior Trustee agrees to perform the duties set forth herein.

SECTION 7. Indemnity.

The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Prior Trustee and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Prior Trustee at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the acceptance of the funds and securities deposited therein, the purchase of the Eligible Securities, the retention of the Eligible Securities or the proceeds thereof, and any payment, transfer or other application of moneys or securities by the Prior Trustee in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Prior Trustee against the Prior Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Prior Trustee's

respective successors, assigns, agents and employees or the breach by the Prior Trustee of the terms of this Escrow Agreement. In no event shall the District or the Prior Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

SECTION 8. Responsibilities of Prior Trustee.

The Prior Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the acceptance of the moneys or securities deposited therein, the purchase of the Eligible Securities, the retention of the Eligible Securities or the proceeds thereof, the sufficiency of the Eligible Securities to accomplish the refunding and defeasance of the Prior Bonds or any payment, transfer or other application of moneys or obligations by the Prior Trustee in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Prior Trustee made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority and the District, and the Prior Trustee assumes no responsibility for the correctness thereof or the correctness of any recitals or statements contained in the Bonds. The Prior Trustee makes no representation as to the sufficiency of the Eligible Securities to accomplish the refunding or defeasance of the Prior Bonds or to the validity of this Escrow Agreement as to the Authority or the District and, except as otherwise provided herein, the Prior Trustee shall incur no liability in respect thereof. The Prior Trustee shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or breach, and the duties and obligations of the Prior Trustee shall be determined by the express provisions of this Escrow Agreement. The Prior Trustee shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the District of its obligations. The Prior Trustee may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Prior Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 9. Amendments.

This Escrow Agreement is made for the benefit of the Prior Trustee, the Authority, the District and the Owners from time to time of the Prior Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such Owners, Authority, the Prior Trustee and the District; provided, however, that the Authority, the District and the Prior Trustee may, without the consent of, or notice to, such Owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such Owners, and as shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Prior

Trustee for the benefit of the Owners of the Prior Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Owners or the Prior Trustee; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Prior Trustee shall be entitled to rely conclusively upon an unqualified opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Owners of the Prior Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. Term.

This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the principal of and interest on the Prior Bonds has been paid in accordance with this Escrow Agreement.

SECTION 11. Compensation.

For performing its duties hereunder the Prior Trustee shall receive its reasonable fees and expenses as previously agreed to by the Prior Trustee and the District; provided, however, that under no circumstances shall the Prior Trustee be entitled to any lien nor will it assert any lien whatsoever on any moneys or obligations in the Payment Fund or the Redemption Account for the payment of fees and expenses for services rendered or expenses incurred by the Prior Trustee under this Escrow Agreement.

SECTION 12. Severability.

If any one or more of the covenants or agreements provided in this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 13. Counterparts.

This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 14. Governing Law.

This Escrow Agreement shall be governed by and construed under the laws of the State of California with respect to contracts executed and performed in the State of California.

SECTION 15. Holidays.

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Prior

Trustee are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no additional interest shall accrue for the period after such nominal date.

SECTION 16. Assignment.

This Escrow Agreement shall not be assigned by the Prior Trustee or any successor thereto without the prior written consent of the Authority and the District.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By: _____

Attest:
Secretary

By: _____
Deputy Secretary

LOS ANGELES COUNTY FLOOD CONTROL
DISTRICT

By: _____

Attest:
VIOLET VARONA-LUKENS
Executive Officer – Clerk of the Board

By: _____
Deputy

BNY WESTERN TRUST COMPANY
as Prior Trustee

By: _____
Authorized Officer

EXHIBIT A

ELIGIBLE SECURITIES TO BE DEPOSITED IN PAYMENT FUND

<u>Issue</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Par</u>	<u>Price</u>	<u>Total Money</u>	<u>CUSIP</u>
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ELIGIBLE SECURITIES TO BE DEPOSITED IN REDEMPTION ACCOUNT

<u>Issue</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Par</u>	<u>Price</u>	<u>Total Money</u>	<u>CUSIP</u>
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